

## Singapore

**HOLD** (previously REDUCE)

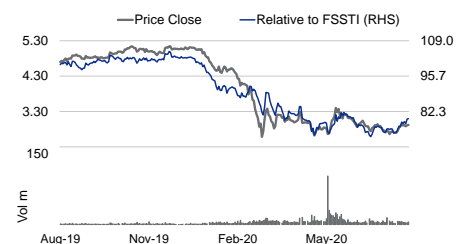
Consensus ratings\*: Buy 2 Hold 2 Sell 6

Current price:	S\$2.92
Target price:	S\$3.00
Previous target:	S\$2.80
Up/downside:	2.7%
CGS-CIMB / Consensus:	4.7%
Reuters:	SATS.SI
Bloomberg:	SATS SP
Market cap:	US\$2,380m
	S\$3,264m
Average daily turnover:	US\$19.75m
	S\$27.55m
Current shares o/s:	1,107m
Free float:	56.0%

\*Source: Bloomberg

**Key changes in this note**

- FY21F EPS decreased by 29%.
- FY22F EPS decreased by 15%.
- FY23F EPS decreased by 2%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-0.7	1.7	-38.8
Relative (%)	3.1	2.8	-19.8

Major shareholders	% held
Temasek Holdings	43.2

**Analyst(s)**

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# SATS Ltd

## The worst is over

- 1Q21 net losses (-S\$43.7m) were wider than our -S\$30m, forming 50%/69% of our and consensus FY21F. Revenue and associates were the key misses.
- Staff costs declined 59% yoy and 44% qoq thanks to government grants in Singapore and Japan, 19% yoy cut in staff strength as well salary cuts.
- SATS is the worst performing stock among the large cap FSSTI stocks. This could have priced in the structural challenges. Upgrade to Hold (TP: S\$3.00).

**Whole region made losses except Singapore**

1Q21 net losses (-S\$43.7m) were in line with SATS' guidance of "narrower than S\$50m-70m" but missed our more hopeful -S\$30m. Revenue of S\$209m (-55 yoy, -52% qoq) was dragged by weaker aviation revenue of S\$111m (-73% yoy, -67% qoq). Food solutions revenue remained flat at S\$97m (-3.5% qoq, +73% yoy mainly due to consolidation of Country Foods). Non-aviation/aviation revenue split stood at 46%/53% relative to historical average of 15%/85% and is likely to remain so in the coming quarters as recovery in aviation takes a back seat. Japan (TFK) revenue was down by 80% yoy and 75% qoq to S\$13m contributing only 6% to group. Accordingly, Japan's losses widened to S\$5.7m (4Q20: S\$2.7m). By region, China (-S\$18m) and Asean (-S\$11m) contributed to most of SATS losses. Singapore turned in an S\$4m profit (4Q20: S\$43m).

**EBITDA losses but could improve sequentially**

Opex was down to S\$245m (-40% yoy, -37% qoq) with staff costs declining by 59% yoy and 44% qoq to S\$96.5m vs. historical c.S\$220m/quarter thanks to S\$61.7m of government grant from Singapore and Japanese governments. But this was not sufficient to offset the weaker revenue and caused SATS to turn in its first EBITDA loss of S\$3m and EBIT loss of S\$36m. We believe this could be the worst quarter due to improving cargo volume, heading into peak season (Sep-Dec) as well as better freight rates on the back of stronger demand for perishable and medical supplies. We factored in sequential recovery in revenue of 5% in 2QFY21F and 15% in 3QFY21F. For 4Q21F (Jan-Mar 21), we assume overall capacity to beat 50% of pre-Covid. However, we cut our FY21-23F EPS by 2-29% to reflect weaker-than-expected associates and slower recovery in aviation sector in general.

**Upgrade from Reduce to Hold with a higher TP of S\$3.00**

We upgrade SATS from Reduce to Hold due to as we think the worst could be over for SATS' bottom line and the stock can be seen as a recovery play for long-term investors. Cash balance was S\$723.5m as of 1Q21 with minimal capex (S\$60m-70m) expected in FY21F. SATS is the worst performing stock (c.-40% YTD) among the large cap FSSTI stocks. This may have priced in structural challenges in aviation sector. Our TP is still based on 2.1x FY21F P/BV or 10% above -0.5 s.d. of LT mean. On a P/E basis, it is still not cheap vs. LT mean. Downside risk: full blown resurgence of Covid-19. Upside risk: vaccine availability.

**Financial Summary**

	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Revenue (S\$m)	1,828	1,941	899	1,280	1,538
Operating EBITDA (S\$m)	331.9	343.8	99.5	203.5	266.0
Net Profit (S\$m)	248.4	168.4	(104.2)	94.7	155.2
Core EPS (S\$)	0.23	0.17	(0.09)	0.09	0.14
Core EPS Growth	2%	(26%)	(156%)	64%	64%
FD Core P/E (x)	13.30	17.93	NA	35.03	21.39
DPS (S\$)	0.19	0.06	0.05	0.08	0.12
Dividend Yield	6.51%	2.05%	1.71%	2.74%	4.11%
EV/EBITDA (x)	9.47	10.16	33.85	17.30	13.54
P/FCFE (x)	16.84	7.75	39.18	NA	NA
Net Gearing	(14.0%)	4.2%	(2.9%)	6.2%	12.4%
P/BV (x)	1.96	2.00	2.07	2.36	2.61
ROE	15.2%	11.3%	(6.6%)	6.5%	11.9%
% Change In Core EPS Estimates			(28.5%)	(15.0%)	(2.0%)
CGS-CIMB/Consensus EPS (x)			1.62	1.10	0.83

Were

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

%

### Associates harder hit than expected but also seeing improvement

Food solutions associates losses were wider qoq to S\$13m (4Q20: -\$4.3m), affected by India and China while gateway associates losses narrowed to S\$18.3m (4Q20: -\$26.7m). With the general improvement in cargo volumes regionally, we expect to see associates losses narrowing in the coming quarters.

**Figure 1: Associates contribution**

PAT (S\$m)	1Q20	2Q20	3Q20	4Q20	1Q21	qoq	yoy	Comments
Gateway solutions	10.4	10.7	10.4	-26.7	-18.3	-31%	-277%	Indonesia did better qoq
Food Solutions	4.2	3.0	4.3	-4.3	-13.1	201%	-409%	Worse-than-expected Covid impact
<b>Total</b>	<b>14.6</b>	<b>13.7</b>	<b>14.7</b>	<b>-31.2</b>	<b>-31.4</b>	<b>1%</b>	<b>-315%</b>	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 2: Results comparison**

FYE Mar (S\$ m)	1Q FY21	1Q FY20	yoy % chg	4Q FY20	qoq % chg	yoy % chg	Prev. FY21F	Comments
Revenue	209.4	465.1	(55.0)	433.1	(51.7)	(51.7)	1,335.2	Below, aviation was weaker than expected
Operating costs	(243.3)	(367.3)	(33.8)	(291.7)	(16.6)	(16.6)	(1,273.8)	Below
EBITDA	(33.9)	97.8	(134.7)	141.4	(124.0)	(124.0)	61.4	Below
EBITDA margin (%)	(16.2)	21.0		32.6	(149.6)		4.6	Below
Depn & amort.	(33.5)	(26.4)	26.9	(32.6)	2.8	2.8	(130.4)	In line
EBIT	(36.0)	44.3	(181.3)	108.8	(133.1)	(133.1)	(69.0)	Below
Associates' contrib	(31.4)	14.6	(315.1)	(31.2)	0.6	0.6	(12.8)	Below, affected by China and India
<b>Net profit</b>	<b>(43.7)</b>	<b>54.7</b>	<b>(179.9)</b>	<b>(6.3)</b>	<b>nm</b>	<b>nm</b>	<b>(81.1)</b>	Below
<b>Core net profit</b>	<b>(43.7)</b>	<b>54.7</b>	<b>(179.9)</b>	<b>(6.3)</b>	<b>593.7</b>	<b>(106.4)</b>	<b>(81.1)</b>	
EPS (S cts)	(3.9)	4.9	(179.6)	(0.6)	550.0	(100.7)	(7.3)	
Core EPS (S cts)	(3.9)	4.9	(179.6)	(0.6)	550.0	(100.7)	(7.3)	

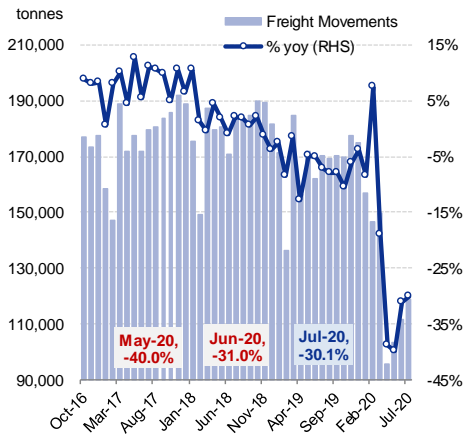
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 3: Earnings revision**

S\$m	New				Old			%		
	FY20A	FY21F	FY22F	FY23F	FY21F	FY22F	FY23F	FY21F	FY22F	FY23F
Revenue	1,941	899	1,280	1,538	1,335	1,462	1,611	-23%	-13%	-5%
Staff costs	(880)	(368)	(619)	(723)	(675)	(708)	(757)	-44%	-13%	-5%
Cost of raw materials	(346)	(240)	(230)	(277)	(267)	(263)	(290)	3%	-13%	-5%
Profit from operations	226	(34)	68	129	(69)	101	146	-74%	-38%	-16%
Associates contribution	12	(100)	47	59	(13)	47	59	-490%	0%	0%
<b>Net profit</b>	<b>168</b>	<b>(104)</b>	<b>95</b>	<b>155</b>	<b>(81)</b>	<b>111</b>	<b>158</b>	<b>-4%</b>	<b>-21%</b>	<b>-7%</b>
EPS	0.15	-0.09	0.09	0.14	-0.07	0.10	0.14	-29%	-15%	-2%

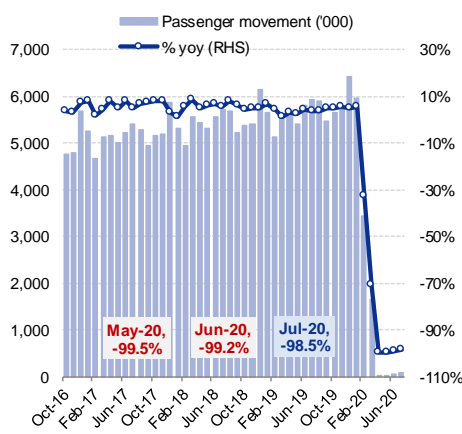
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 4: Changi Airport: Freight movements (Singapore)**



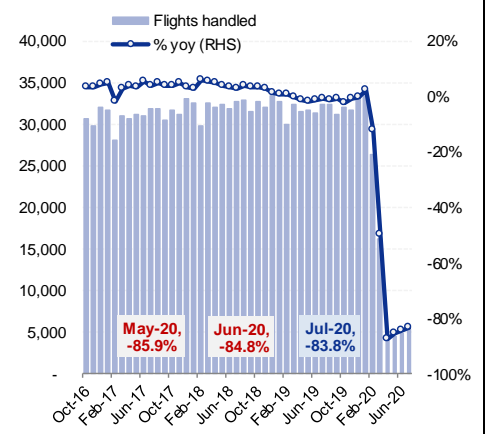
SOURCES: CGS-CIMB RESEARCH, CEIC

**Figure 5: Changi Airport: Passenger movements (Singapore)**



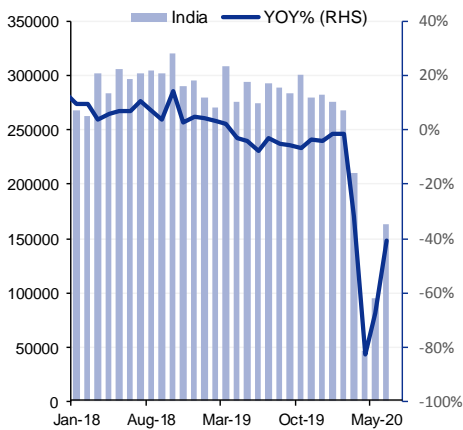
SOURCES: CGS-CIMB RESEARCH, CEIC

**Figure 6: Changi Airport: Number of flights (Singapore)**



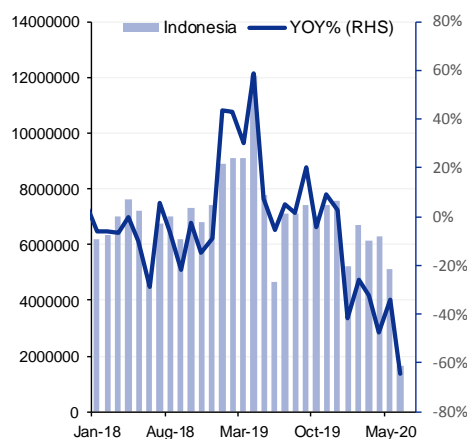
SOURCES: CGS-CIMB RESEARCH, CEIC

**Figure 7: Cargo Traffic - India**



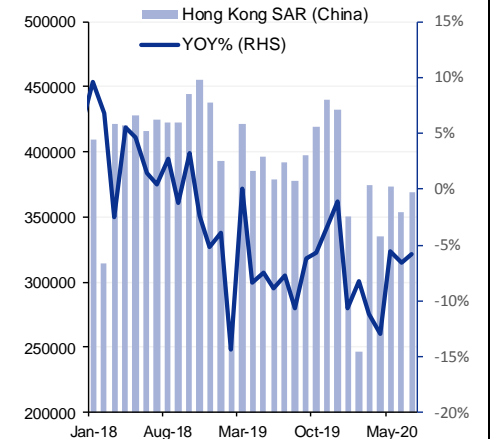
SOURCES: CGS-CIMB RESEARCH, CEIC

**Figure 8: Cargo Traffic - Indonesia**



SOURCES: CGS-CIMB RESEARCH, CEIC

**Figure 9: Cargo Traffic - Hong Kong SAR (China)**

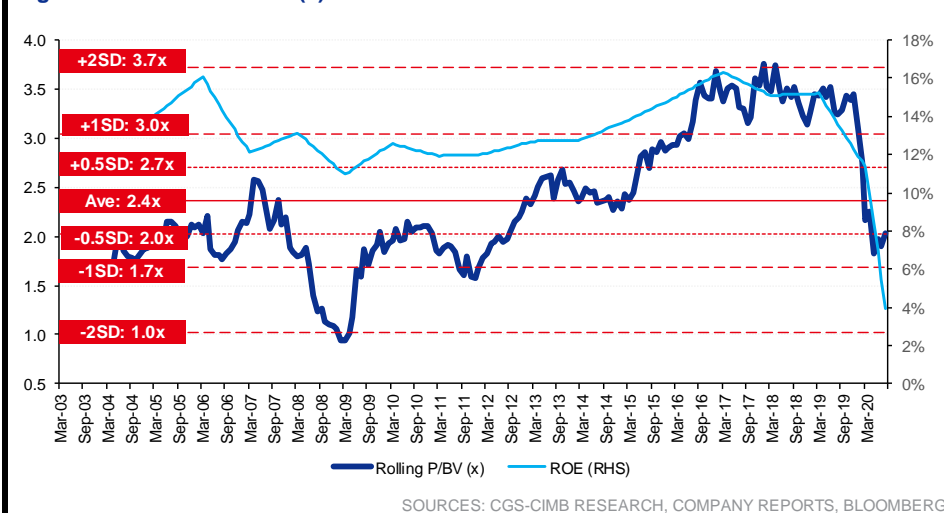


SOURCES: CGS-CIMB RESEARCH, CEIC

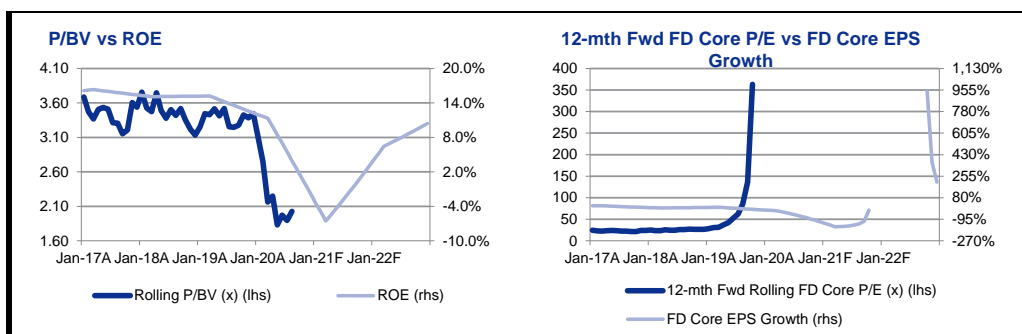
**Figure 10: Quarterly revenue**

S\$m	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	qoq %	yoy%	Comments 1Q FY21
<b>Revenue by segment</b>								
Gateway Services	223.3	225.9	234.3	185.3	71.60	-61%	-68%	
Food solutions	241.4	271.0	310.8	247.3	135.90	-45%	-44%	
Others	0.4	0.5	0.5	0.5	1.90	280%	375%	
<b>Total</b>	<b>465.1</b>	<b>497.4</b>	<b>545.6</b>	<b>433.1</b>	<b>209.4</b>	<b>-52%</b>	<b>-55%</b>	
Gateway Services	48.0%	45.4%	42.9%	42.8%	34.2%			
Food solutions	51.9%	54.5%	57.0%	57.1%	64.9%			
Others	0.1%	0.1%	0.1%	0.1%	0.9%			
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>			
<b>Revenue by geographical area</b>								
Singapore	372.1	393.6	429.2	354.4	185.90	-48%	-50%	Decline inline with Changi; Cargo volume improved in June and expect better qtrs ahead
Japan	65.5	69.3	68.1	50.5	12.80	-75%	-80%	
Asean	22.8	23.3	23.7	18.1	1.30	-93%	-94%	
Others	4.7	11.2	24.6	10.1	9.40	-7%	100%	
<b>Total</b>	<b>465.1</b>	<b>497.4</b>	<b>545.6</b>	<b>433.1</b>	<b>209.4</b>	<b>-52%</b>	<b>-55%</b>	
Singapore	80.0%	79.1%	78.7%	81.8%	88.8%			
Japan	14.1%	13.9%	12.5%	11.7%	6.1%			
Asean	4.9%	4.7%	4.3%	4.2%	0.6%			
Others	1.0%	2.3%	4.5%	2.3%	4.5%			
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>			
<b>Revenue by industry</b>								
Aviation	408.8	422.5	440.9	332.2	110.6	-67%	-73%	
Non-aviation	55.9	74.4	104.2	100.4	96.9	-3%	73%	Consolidation of Country Foods (S\$46m)
Others	0.4	0.5	0.5	0.5	1.9	265%	375%	
<b>Total</b>	<b>465.1</b>	<b>497.4</b>	<b>545.6</b>	<b>433.1</b>	<b>209.4</b>	<b>-52%</b>	<b>-55%</b>	
Aviation	87.9%	84.9%	80.8%	76.7%	52.8%			
Non-aviation	12.0%	15.0%	19.1%	23.2%	46.3%			
Others	0.1%	0.1%	0.1%	0.1%	0.9%			
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>			

SOURCES: CGS-CIMB, COMPANY REPORTS

**Figure 11: SATS Ltd P/BV (x) vs ROE**


SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, BLOOMBERG

**BY THE NUMBERS**

**Profit & Loss**

(\$m)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
<b>Total Net Revenues</b>	<b>1,828</b>	<b>1,941</b>	<b>899</b>	<b>1,280</b>	<b>1,538</b>
<b>Gross Profit</b>	<b>687</b>	<b>716</b>	<b>291</b>	<b>430</b>	<b>538</b>
<b>Operating EBITDA</b>	<b>332</b>	<b>344</b>	<b>100</b>	<b>203</b>	<b>266</b>
Depreciation And Amortisation	(85)	(118)	(134)	(135)	(136)
<b>Operating EBIT</b>	<b>247</b>	<b>226</b>	<b>(34)</b>	<b>69</b>	<b>130</b>
Financial Income/(Expense)	3	(4)	0	3	3
Pretax Income/(Loss) from Assoc.	59	12	(100)	47	59
Non-Operating Income/(Expense)	0	0	0	0	0
<b>Profit Before Tax (pre-EI)</b>	<b>309</b>	<b>234</b>	<b>(135)</b>	<b>119</b>	<b>192</b>
Exceptional Items	(2)	(20)	0	0	0
<b>Pre-tax Profit</b>	<b>308</b>	<b>214</b>	<b>(135)</b>	<b>119</b>	<b>192</b>
Taxation	(52)	(38)	31	(20)	(32)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>256</b>	<b>176</b>	<b>(103)</b>	<b>99</b>	<b>160</b>
Minority Interests	(8)	(7)	(1)	(4)	(5)
Preferred Dividends	0	0	0	0	0
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>248</b>	<b>168</b>	<b>(104)</b>	<b>95</b>	<b>155</b>
Recurring Net Profit	250	185	(104)	95	155
<b>Fully Diluted Recurring Net Profit</b>	<b>250</b>	<b>185</b>	<b>(104)</b>	<b>95</b>	<b>155</b>

**Cash Flow**

(\$m)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
EBITDA	331.9	343.8	99.5	203.5	266.0
Cash Flow from Inv. & Assoc.	(58.9)	(11.8)	100.5	(47.1)	(58.9)
Change In Working Capital	7.9	(48.9)	11.2	94.9	61.4
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	63.4	21.6	(100.5)	53.3	66.2
Net Interest (Paid)/Received	(0.5)	7.7	0.0	2.8	3.3
Tax Paid	(48.1)	(52.9)	31.5	(157.3)	(169.7)
<b>Cashflow From Operations</b>	<b>295.7</b>	<b>259.5</b>	<b>142.2</b>	<b>150.0</b>	<b>168.3</b>
Capex	(87.6)	(75.7)	(65.0)	(80.0)	(80.0)
Disposals Of FAs/subsidiaries	0.0	0.0	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	(40.0)	(72.4)	(80.0)	(90.4)	(90.4)
Other Investing Cashflow	39.1	32.9	0.0	0.0	0.0
<b>Cash Flow From Investing</b>	<b>(88.5)</b>	<b>(115.2)</b>	<b>(145.0)</b>	<b>(170.4)</b>	<b>(170.4)</b>
Debt Raised/(repaid)	(10.0)	284.2	87.5	(209.6)	(209.6)
Proceeds From Issue Of Shares	(29.0)	0.0	0.7	(364.8)	(367.2)
Shares Repurchased					
Dividends Paid	(210.6)	(218.2)	(55.3)	(88.5)	(132.8)
Preferred Dividends					
Other Financing Cashflow	3.7	0.4	0.0	0.0	0.0
<b>Cash Flow From Financing</b>	<b>(246.0)</b>	<b>66.4</b>	<b>32.9</b>	<b>(662.9)</b>	<b>(709.6)</b>
Total Cash Generated	(38.8)	210.7	30.1	(683.3)	(711.7)
<b>Free Cashflow To Equity</b>	<b>197.1</b>	<b>428.5</b>	<b>84.7</b>	<b>(230.0)</b>	<b>(211.7)</b>
<b>Free Cashflow To Firm</b>	<b>207.7</b>	<b>144.3</b>	<b>(2.8)</b>	<b>(20.4)</b>	<b>(2.1)</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**BY THE NUMBERS... cont'd**
**Balance Sheet**

(S\$m)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Total Cash And Equivalents	350	549	763	616	535
Total Debtors	301	386	225	256	246
Inventories	24	71	18	26	31
Total Other Current Assets	35	26	26	26	26
<b>Total Current Assets</b>	<b>710</b>	<b>1,032</b>	<b>1,031</b>	<b>923</b>	<b>838</b>
Fixed Assets	579	808	739	684	627
Total Investments	0	0	0	0	0
Intangible Assets	351	424	424	424	424
Total Other Non-Current Assets	769	746	646	693	752
<b>Total Non-current Assets</b>	<b>1,698</b>	<b>1,978</b>	<b>1,809</b>	<b>1,801</b>	<b>1,803</b>
Short-term Debt	0	132	219	219	219
Current Portion of Long-Term Debt					
Total Creditors	323	373	171	243	292
Other Current Liabilities	67	57	57	57	57
<b>Total Current Liabilities</b>	<b>389</b>	<b>562</b>	<b>447</b>	<b>519</b>	<b>568</b>
Total Long-term Debt	96	493	493	493	493
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	106	150	150	150	150
<b>Total Non-current Liabilities</b>	<b>202</b>	<b>642</b>	<b>642</b>	<b>642</b>	<b>642</b>
Total Provisions	0	0	0	0	0
<b>Total Liabilities</b>	<b>591</b>	<b>1,204</b>	<b>1,089</b>	<b>1,162</b>	<b>1,211</b>
Shareholders' Equity	1,649	1,617	1,562	1,369	1,237
Minority Interests	168	188	189	193	193
<b>Total Equity</b>	<b>1,817</b>	<b>1,805</b>	<b>1,751</b>	<b>1,562</b>	<b>1,430</b>

**Key Ratios**

	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Revenue Growth	6.0%	6.2%	(53.7%)	42.4%	20.2%
Operating EBITDA Growth	9%	4%	(71%)	104%	31%
Operating EBITDA Margin	18.2%	17.7%	11.1%	15.9%	17.3%
Net Cash Per Share (S\$)	0.23	(0.07)	0.05	(0.09)	(0.16)
BVPS (S\$)	1.49	1.46	1.41	1.24	1.12
Gross Interest Cover	308.8	29.8	N/A	N/A	N/A
Effective Tax Rate	16.7%	17.9%	0.0%	16.9%	16.9%
Net Dividend Payout Ratio	84.1%	35.2%	NA	93.4%	85.6%
Accounts Receivables Days	59.8	64.8	124.0	68.5	59.6
Inventory Days	7.48	14.16	26.55	9.36	10.29
Accounts Payables Days	104.6	103.9	163.3	88.9	97.7
ROIC (%)	13.0%	11.2%	(1.4%)	3.1%	6.0%
ROCE (%)	13.3%	10.6%	(1.4%)	3.0%	6.0%
Return On Average Assets	10.7%	7.3%	(3.5%)	3.5%	5.9%

**Key Drivers**

	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Int'l Passenger Traffic Growth (%)	N/A	N/A	N/A	N/A	N/A
Domestic Pax Traffic Growth (%)	N/A	N/A	N/A	N/A	N/A
International Flight Traffic Growth (%)	5.0%	6.0%	6.0%	6.0%	0.0%
Domestic Flight Traffic Growth (%)	N/A	N/A	N/A	N/A	N/A
Int'l Pax Service Charge	N/A	N/A	N/A	N/A	N/A
Dom Pax Serv Charge	N/A	N/A	N/A	N/A	N/A
Unit Meals Produced (% Change)	5.0%	5.0%	5.0%	5.0%	0.0%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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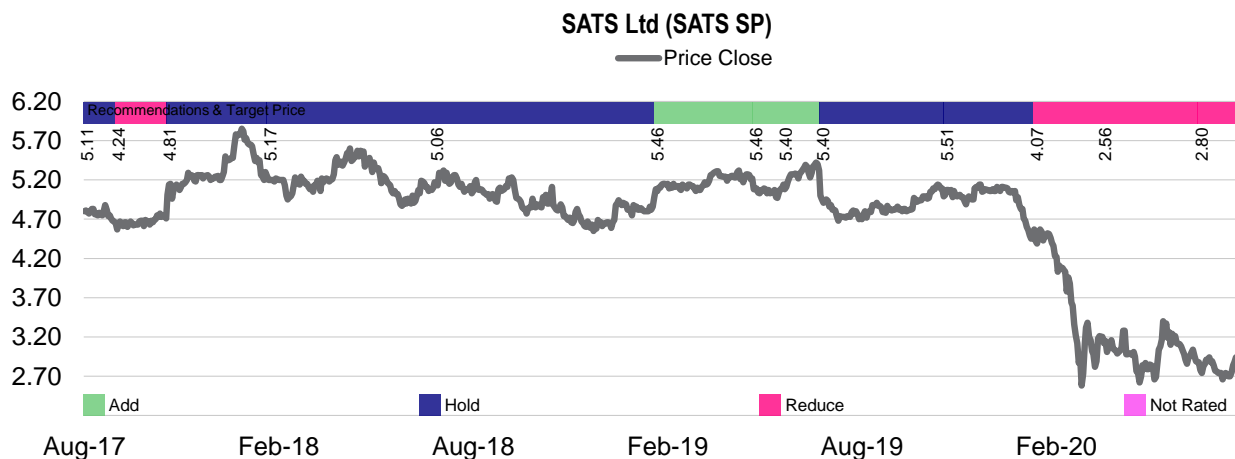
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Distribution of stock ratings and investment banking clients for quarter ended on 30 June 2020		
800 companies under coverage for quarter ended on 30 June 2020		
	Rating Distribution (%)	Investment Banking clients (%)
Add	60.1%	0.4%
Hold	25.9%	0.1%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