

Malaysia

ADD (previously HOLD)

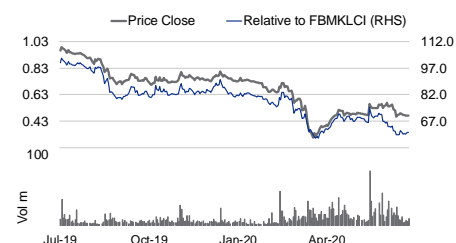
Consensus ratings*: Buy 1 Hold 6 Sell 2

Current price:	RM0.47
Target price:	RM0.68
Previous target:	RM0.70
Up/downside:	44.7%
CGS-CIMB / Consensus:	38.5%
Reuters:	MYRS.KL
Bloomberg:	MRC MK
Market cap:	US\$483.3m
	RM2,074m
Average daily turnover:	US\$1.74m
	RM7.52m
Current shares o/s:	4,412m
Free float:	42.1%

*Source: Bloomberg

Key changes in this note

- No changes FY20-22F EPS.
- Our new TP of 68 sen (lowered by 2 sen) implies a target CY20F P/BV multiple of 0.59x (below post-GE14 low of 0.53x in 2018 vs. the peak 1.14x pre-GE14 and prior to the cancelled HSR award).
- Post 1Q20 results, we turn positive on MRCB's share price outlook. We see positive newsflow on the HSR in 2H20F. We also believe the prospects for past HSR winners like MRCB repositioning into the HSR project remain favourable.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-11.3	27	-50.3
Relative (%)	-14.9	14.9	-39.2

Major shareholders	% held
EPF	33.5
Gapurna Sdn Bhd	16.7
Lembaga Tabung Haji	7.8

Analyst(s)

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Malaysian Resources Corp

Attractive risk-reward ahead of HSR review

- 1Q20 results broadly in line; overseas property sales boosted core net profit.
- Risk-reward looks attractive as MRCB's HSR prospects may improve.
- Upgrade to Add with 68 sen TP supported by depressed P/BV valuations.

1Q20 results broadly in line; boost from property division

Ahead of the full quarter's negative impact from the Movement Control Order (MCO) and stop work order in 2Q20F, MRCB reported strong 1Q20 results, which were driven by the commencement of revenue and earnings recognition from its overseas property project 1060 Carnegie in Melbourne, Australia. Although 1Q20 core net profit (+278% yoy to RM15.6m, +160% qoq) made up 28% of our full-year estimate and 35% of consensus's, we deem the results to be broadly in line as 2Q20F should be weaker qoq and yoy while the earnings outlook in 2H20F is dim due to the slow resumption of works, low productivity (<30% vs. pre-MCO) and disruption to the building material supply chain.

Significant improvement in property development segment

1Q20's total revenue growth of 82% yoy was driven by the 178% jump in property development revenue (see Figure 2) as the group began to recognise contribution from 1060 Carnegie in Melbourne (GDV: RM290m, fully constructed at end-2019, sales rate at end-1Q20: 88%). 1Q20 property EBIT of RM21m (+585% yoy) also included inventory sales from Sentral Residences and Vivo Residences at 9 Seputeh. The construction division's EBIT fell 25% yoy due the stop work order that began on 18 Mar. We expect both divisions to be negatively impacted by the full quarter's impact of the MCO but this will be mitigated by earnings recognition from overseas ventures. Our RM56.4m net profit forecast for FY20F is unchanged given the subdued earnings outlook in 2H20 post the MCO. Our FY21-22F EPS estimates are also intact.

Risk-reward looks attractive as MRCB's HSR outlook may improve

Our optimism on the likely positive outcome of the KL-Singapore High Speed Rail (HSR) review by end-2020 is intact, reinforced by an article in the Malay Mail on 27 Jun (see page 3) that quoted Prime Minister Tan Sri Muhyiddin Yassin as saying that there was a need to continue mega projects, including the HSR, while details were still being worked out between Malaysia and Singapore. In our view, if HSR newsflow makes a comeback in 2H20F, the risk-reward for bombed-out stocks of contractors with HSR awards in 2018 (including MRCB) will become attractive.

Trading-oriented angle post 1Q20; upgrade to Add with 68 sen TP

Our upgrade to Add is supported by depressed CY20F P/BV of 0.41x. Our TP falls to 68 sen (-2 sen) as we update balance sheet items but remains pegged to a 40% RNAV discount. Our TP implies a target CY20F P/BV multiple of 0.59x (below post-GE14 low of 0.53x in 2018 vs. the peak 1.14x pre-GE14 and prior to the cancelled HSR award). Upside risk: Revival of HSR newsflow in 2H20F. Downside risk: Political risks surrounding HSR and unfavourable job prospects under a new HSR model.

Financial Summary

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue (RMm)	1,871	1,319	1,958	2,016	2,077
Operating EBITDA (RMm)	91.8	(8.8)	92.2	104.3	117.0
Net Profit (RMm)	101.2	23.7	56.4	64.6	73.1
Core EPS (RM)	0.019	0.005	0.013	0.015	0.017
Core EPS Growth	(41%)	(72%)	137%	15%	13%
FD Core P/E (x)	26.57	95.87	40.43	35.29	31.17
DPS (RM)	0.018	0.010	0.015	0.015	0.015
Dividend Yield	3.72%	2.13%	3.19%	3.19%	3.19%
EV/EBITDA (x)	27.38	NA	29.01	25.26	22.17
P/FCFE (x)	1.94	NA	NA	NA	NA
Net Gearing	19.2%	21.0%	20.4%	19.7%	18.9%
P/BV (x)	0.43	0.41	0.41	0.41	0.42
ROE	1.76%	0.48%	1.12%	1.29%	1.46%
% Change In Core EPS Estimates			0%	0%	0%
CGS-CIMB/Consensus EPS (x)			1.07	0.81	0.66

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 1: Results comparison

FYE Dec (RM m)	1QFY20	1QFY19	yoy % chg	4QFY19	qoq % chg	Prev. FY20F	Comments
Revenue	425.8	234.1	81.9	471.6	(9.7)	1,957.5	Commencement of revenue recognition from 1060 Carnegie
Operating costs	(389.9)	(219.5)	77.6	(441.1)	(11.6)	(1,865.3)	property project in Melbourne
EBITDA	35.9	14.5	147	30.5	17.5	92.2	
EBITDA margin (%)	8.4	6.2	36	6.5	30.2	4.7	
Depn & amort.	(7.9)	(8.2)	(4.2)	(16.2)	(51.4)	(26.8)	
EBIT	28.0	6.3	344	14.3	95.4	65.4	Construction EBIT fell 25% yoy in 1Q20
Interest expense	(12.6)	(12.4)	1.5	(7.0)	80.3	(46.7)	Total debt of RM1.9bn at end-Mar
Interest & invt inc	7.9	11.5	(31.9)	12.4	(36.7)	21.0	Cash of RM510m at end-Mar
Associates & JV	3.6	3.0	20.9	0.7	437.1	27.6	Included RM1.2m LRT 3 JV profit (1Q19: RM0.5m)
Exceptionals	-	-	nm	-	nm	-	
Pretax profit	26.9	8.4	219.3	20.4	31.5	97.6	Expect a full-quarter negative impact from Movement
Tax	(11.2)	(6.9)	(7.0)	(13.1)	(14)	(38.9)	Control Order (MCO) and stop work order in 2Q20F
Tax rate (%)	41.8	81.5	(48.7)	64.2	(35)	39.9	
Minority interests	0.0	2.6	(99.8)	(1.3)	100	(2.3)	
Net profit	15.6	4.1	278.4	6.0	159.5	56.4	1Q20 core net profit made 28% of our full-year forecast
Core net profit	15.6	4.1	278.4	6.0	n.m.	56.4	and 35% of consensus
EPS (sen)	0.4	0.0	3,788.9	0.1	150.0	1.3	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 2: Segmental breakdown (excluding JV associate and JV profit)

Revenue	1QFY10	1QFY19	YoY	Comments
Property development	236.4	85.1	178%	Commencement of revenue recognition from 1060 Carnegie in Melbourne
Engineering, construction & environment	174.8	132.7	32%	Progress billings picked up for DASH and SUKE Highways, EPF HQ, and MRT 2 (V210)
Facilities management & parking	12.7	13.1	-4%	No new contracts YTD; impacted by the stop work order from 18 Mar
Investment holding and others	1.9	3.1	-40%	Lumpy recurring revenues
Total	425.8	234.1	82%	
EBIT	1QFY10	1QFY19	YoY	
Property development	20.6	3.0	585%	Commencement of revenue recognition from 1060 Carnegie in Melbourne
Engineering, construction & environment	12.6	16.7	-25%	Impacted by stop work order due to the MCO from 18 Mar
Facilities management & parking	2.4	(0.4)	-736%	Expect weaker earnings in 2Q20F due to the stop work order
Investment holding and others	0.5	1.4	-61%	Profits tend to be lumpy
Total	36.0	20.7	74%	
EBIT margins	1QFY10	1QFY19	% pts	
Property development	9%	4%	146%	Commencement of revenue recognition from 1060 Carnegie in Melbourne
Engineering, construction & environment	7%	13%	-5%	Impacted by weak progress billings and stop work order; weaker margins in 2Q20F
Facilities management & parking	19%	-3%	nm	Typically higher project margins
Investment holding and others	29%	44%	-36%	Profits tend to be lumpy
Total	8%	9%	-4%	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

HSR as part of longer-term economic recovery strategy? ➤

In our view, if HSR newsflow makes a comeback in 2H20F, the risk-reward for bombed-out stocks of contractors with HSR awards in 2018 (including MRCB) will become attractive. Also, as the masterplan to build the HSR Terminus in Bandar Malaysia is likely to be unchanged (our view) as optimisation of ridership will remain an important component in the feasibility of the HSR system, the prospect of MRCB participating in the development of the HSR Terminus cannot be ruled out given its track record for developing KL Sentral as a transport hub and the surrounding transport-oriented developments.

On 27 Jun, the Malay Mail reported, that according to Prime Minister Tan Sri Muhyiddin Yassin, several mega projects that do not require additional funding will be resumed to provide economic opportunities as the government seeks to boost the country's economy following the Covid-19 pandemic:

- The Prime Minister said another strategy to provide further economic opportunities is to resume mega projects that had already been decided.
- “These include the project that we have decided, namely the Kuala Lumpur-Singapore High-Speed Rail (HSR) project, which will stop at various stations, including the Pagoh Education Hub,” he said.
- The Prime Minister said, upon reviewing the HSR project, he found that there was a need to proceed with it but details of the project were still being worked out by both governments.
- He also welcomed the involvement of the private sector in the project as it could assist the government reduce its burden in implementing the HSR project.

Figure 3: Details of KL-Singapore HSR including estimated value of PDP contract (prior to project cancellation in 2018)

Total project cost (including rolling stock)	: RM50bn - RM60bn (estimated)
Distance	: 350km
Track specifications	: Standard gauge
Operational speed	: 320km/h
Value of project delivery partner (PDP) scope	: RM30bn-35bn (estimated)
Value of MRCB-Gamuda JV's PDP scope	: RM20bn-23bn (estimated)
Value of YTL-THP JV's PDP scope	: RM10bn-12bn (estimated)
No. of stations under MRCB-Gamuda JV PDP	: 4 (Bandar Malaysia, Sepang-Putrajaya, Seremban, Melaka)
No. of stations under YTL-THP JV	: 3 (Muar, Batu Pahat, Iskandar Puteri)
Total no. of stations	: 8 (Malaysia: 7, Singapore-Jurong East: 1)
Targeted start of works	: 2019 (advance works)
Targeted year of operations	: 2026
Implied construction period	: 8 years

SOURCES: CGS-CIMB RESEARCH, PRESS REPORTS

Figure 4: RNAV

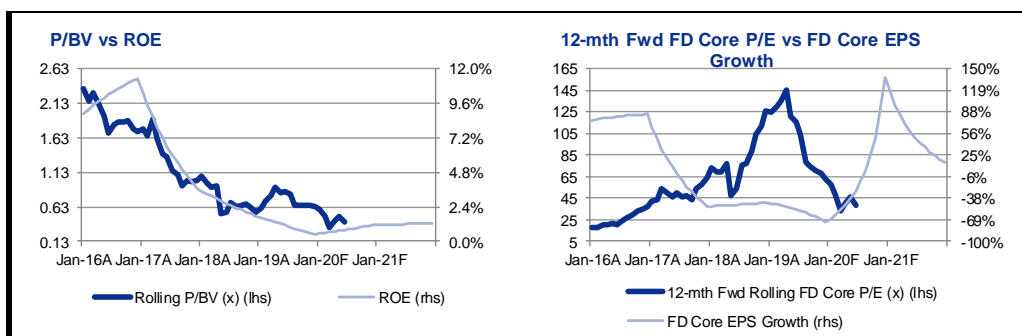
	Land bank		GDV	Stake	Value	Value
Ongoing property development	(Acres)	(m sq ft)	(RM m)	(%)	(RM psf)	(RM m)
Bukit Jalil KL Sports City	76.1	3.3	20,700.0	17%	400.0	225.4
Kwasa Sentral (Kwasa Damansara)	64.1	2.8	8,606.0	70%	250.0	488.6
Cyberjaya City	113.3	4.9	5,350.0	70%	200.0	690.9
KL Sentral - Lot F	5.7	0.2	2,993.0	100%	900.0	223.5
Semarak City - Setapak	27.4	1.2	2,977.0	100%	320.0	381.9
Penang Sentral - phases 3 & 7	16.7	0.7	2,100.0	70%	120.0	61.1
PJ Sentral - Nilaitera	7.8	0.3	1,656.0	100%	350.0	118.9
Lot 349, KL Sentral (service apartments)	4.9	0.2	1,413.0	100%	900.0	192.1
Q Sentral Office Tower	1.9	0.1	1,228.0	66%	900.0	49.2
Lot 94 Jalan Kia Peng	1.9	0.1	1,012.0	100%	500.0	41.4
9 Seputeh - Old Klang Road	8.0	0.3	795.0	100%	200.0	69.7
Pulau Johor	67.5	2.9	770.0	100%	35.0	102.9
PJ Sentral - Tower 1	0.0	0.0	700.0	100%	550.0	0.0
Penang Sentral - phases 1 & 2	6.0	0.3	590.0	100%	120.0	31.4
PJ Sentral - Tower 5	0.0	0.0	455.0	100%	550.0	0.0
PJ Sentral - Celcom Tower	2.3	0.1	428.0	100%	450.0	45.1
Suria Subang	3.2	0.1	401.0	100%	200.0	27.9
Seri Iskandar - phase 3	159.0	6.9	350.0	70%	10.0	48.5
Seri Iskandar - Phase 2	245.0	10.7	321.0	70%	5.0	37.4
Rahman Putra - phase 3	4.6	0.2	307.0	100%	20.0	4.0
Canegie - Melbourne	1.0	0.0	305.0	100%	450.0	19.6
Selbourne 2 - Shah Alam	2.4	0.1	198.0	100%	200.0	20.9
Rahman Putra - phase 2	4.1	0.2	175.0	100%	20.0	3.6
Rahman Putra - phase 1	5.5	0.2	84.0	100%	20.0	4.8
Total	828.4	36.1	53,914.0			2,888.7
				Stake		
Construction Net profit (FY21) at 15x P/E				100%		150.0
MQ REIT				31%		252.7
Property investments (1Q20)						1,427.8
Associates & investments (1Q20)						756.5
Net working capital less prop development cost (1Q20)						1,386.8
Total borrowings (1Q20)						(1,923.0)
Total RNAV (RM m)						4,939.5
Enlarged no. of shares (m)						4,412.0
New free warrants (10-years)						438.5
Proceeds from new warrants @RM1.25 strike price						548.1
FD no.of shares (m)						4,850.6
FD RNAV (RM m)						5,487.7
FD RNAV/share (RM)						1.13
Discount to RNAV (%)						40%
Target price (RM/share)						0.68

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 5: MRCB is trading 20% below its post-GE14 low while CY20 P/BV valuations are depressed compared to 2018

	Current vs											
	2018 High		2018 Low		Post-GE14		post-GE14		Premium/		2018 Low	Premium/
	pre-GE14	post-GE14	decline	Current	low	31-Dec-19	YTD	CY2020	discount to	post-GE14	discount to	
	(RM/share)	(RM/share)	(%)	(RM/share)	(%)	(RM/share)	(%)	P/BV (x)	BV	P/BV	BV	
JM Corp Bhd	3.16	1.45	-54%	1.80	24%	2.17	-17%	0.72	-28%	0.55	-45%	
Malaysian Resources Corp	1.25	0.59	-53%	0.47	-20%	0.73	-36%	0.48	-52%	0.53	-47%	
Muhibbah Engineering	3.29	2.72	-17%	0.94	-65%	2.46	-62%	0.40	-60%	1.17	17%	
Protasco	1.12	0.20	-82%	0.25	25%	0.40	-37%	0.32	-68%	0.30	-70%	
Salcon	0.50	0.23	-54%	0.16	-33%	0.25	-37%	0.34	-66%	0.42	-58%	
Sunway Bhd	1.81	1.37	-24%	1.36	-1%	1.80	-24%	0.74	-26%	0.80	-20%	
WCT Holdings	1.75	0.67	-62%	0.50	-26%	0.87	-43%	0.32	-68%	0.30	-70%	
YTL Corporation	1.54	0.93	-40%	0.81	-13%	0.98	-17%	0.74	-26%	0.71	-29%	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS

Profit & Loss

(RMm)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Total Net Revenues	1,871	1,319	1,958	2,016	2,077
Gross Profit	1,871	1,319	1,958	2,016	2,077
Operating EBITDA	92	(9)	92	104	117
Depreciation And Amortisation	(26)	(62)	(27)	(27)	(28)
Operating EBIT	66	(70)	65	77	89
Financial Income/(Expense)	(23)	55	(26)	(27)	(28)
Pretax Income/(Loss) from Assoc.	25	7	28	29	30
Non-Operating Income/(Expense)	29	62	30	31	31
Profit Before Tax (pre-EI)	97	53	98	110	122
Exceptional Items	26	0	0	0	0
Pre-tax Profit	123	53	98	110	122
Taxation	(46)	(34)	(39)	(43)	(47)
Exceptional Income - post-tax					
Profit After Tax	77	19	59	67	76
Minority Interests	(1)	5	(2)	(2)	(2)
Preferred Dividends	0	0	0	0	0
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax	26				
Net Profit	101	24	56	65	73
Recurring Net Profit	85	24	56	65	73
Fully Diluted Recurring Net Profit	85	24	56	65	73

Cash Flow

(RMm)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
EBITDA	92	(9)	92	104	117
Cash Flow from Inv. & Assoc.					
Change In Working Capital	1,143	49	53	67	67
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	(178)	(117)	0	0	0
Net Interest (Paid)/Received	(23)	55	(26)	(27)	(28)
Tax Paid	(46)	(34)	(39)	(43)	(47)
Cashflow From Operations	988	(56)	81	102	110
Capex	(493)	(50)	(50)	(50)	(50)
Disposals Of FAs/subsidiaries	71	15	15	15	15
Acq. Of Subsidiaries/investments	0	0	0	0	0
Other Investing Cashflow	1,434	(171)	(171)	(171)	(171)
Cash Flow From Investing	1,012	(206)	(206)	(206)	(206)
Debt Raised/(repaid)	(835)	99	(8)	(8)	(8)
Proceeds From Issue Of Shares	0	0	0	0	0
Shares Repurchased	0	0	0	0	0
Dividends Paid	(106)	(44)	(66)	(66)	(66)
Preferred Dividends	(187)	0	0	0	0
Other Financing Cashflow	(866)	318	158	136	136
Cash Flow From Financing	(1,994)	373	84	61	61
Total Cash Generated	6	110	(42)	(43)	(36)
Free Cashflow To Equity	1,165	(164)	(134)	(112)	(105)
Free Cashflow To Firm	2,044	(217)	(79)	(56)	(47)

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

(RMm)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Total Cash And Equivalents	552	517	548	581	616
Total Debtors	907	1,611	1,568	1,526	1,487
Inventories	1,054	963	973	983	992
Total Other Current Assets	711	159	161	163	164
Total Current Assets	3,223	3,251	3,249	3,252	3,259
Fixed Assets	665	600	612	625	637
Total Investments	1,999	2,182	2,108	2,038	1,971
Intangible Assets	227	224	224	224	224
Total Other Non-Current Assets	2,228	2,170	2,150	2,130	2,110
Total Non-current Assets	5,119	5,177	5,095	5,017	4,943
Short-term Debt	726	825	817	808	800
Current Portion of Long-Term Debt	0	0	0	0	0
Total Creditors	1,119	1,012	993	974	955
Other Current Liabilities	120	34	34	34	34
Total Current Liabilities	1,965	1,871	1,843	1,816	1,789
Total Long-term Debt	766	766	766	766	766
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	641	616	591	567	545
Total Non-current Liabilities	1,407	1,381	1,356	1,333	1,310
Total Provisions	70	72	74	77	79
Total Liabilities	3,442	3,324	3,274	3,225	3,178
Shareholders' Equity	4,832	5,071	5,036	5,008	4,987
Minority Interests	68	32	33	35	37
Total Equity	4,900	5,103	5,070	5,044	5,024

Key Ratios

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue Growth	(29.2%)	(29.5%)	48.4%	3.0%	3.0%
Operating EBITDA Growth	(37%)	(110%)	N/A	13%	12%
Operating EBITDA Margin	4.91%	(0.67%)	4.71%	5.17%	5.63%
Net Cash Per Share (RM)	(0.21)	(0.24)	(0.23)	(0.23)	(0.22)
BVPS (RM)	1.10	1.15	1.14	1.14	1.13
Gross Interest Cover	1.50	(1.55)	1.40	1.60	1.80
Effective Tax Rate	37.5%	64.7%	39.9%	39.0%	38.3%
Net Dividend Payout Ratio	75%	138%	87%	76%	67%
Accounts Receivables Days	294.4	228.1	159.2	146.4	135.0
Inventory Days	N/A	N/A	N/A	N/A	N/A
Accounts Payables Days	N/A	N/A	N/A	N/A	N/A
ROIC (%)	1.28%	(1.55%)	1.40%	1.65%	1.92%
ROCE (%)	1.26%	0.46%	1.28%	1.46%	1.65%
Return On Average Assets	1.07%	(0.44%)	1.01%	1.13%	1.26%

Key Drivers

(RMm)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Outstanding Orderbook	21,218	21,098	20,948	20,668	20,388
Order Book Depletion	510	620	650	780	780
Orderbook Replenishment	500	500	500	500	500
ASP (% chg, main prod./serv.)	N/A	N/A	N/A	N/A	N/A
Unit sales grth (% , main prod./serv.)	N/A	N/A	N/A	N/A	N/A
Util. rate (% , 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
Util. rate (% , 2ndary prod/serv)	N/A	N/A	N/A	N/A	N/A

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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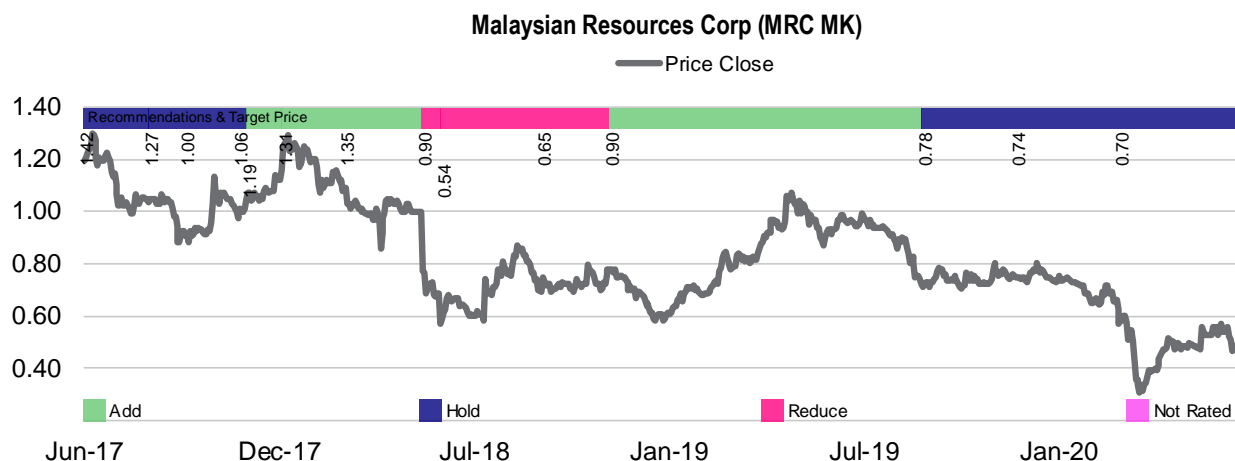
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811 companies under coverage for quarter ended on 31 March 2020		
	Rating Distribution (%)	Investment Banking clients (%)
Add	60.8%	0.1%
Hold	27.6%	0.0%
Reduce	11.6%	0.0%

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, **CENDEL** – 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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