

## Malaysia

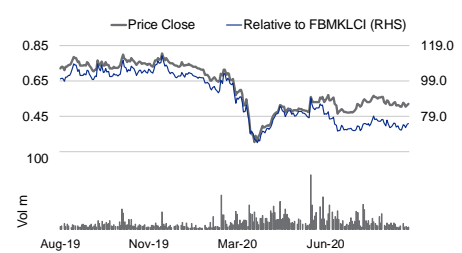
**ADD** (no change)

Consensus ratings\*: Buy 5 Hold 4 Sell 1

Current price:	RM0.52
Target price:	RM0.63
Previous target:	RM0.68
Up/downside:	21.2%
CGS-CIMB / Consensus:	6.4%
Reuters:	MYRS.KL
Bloomberg:	MRC MK
Market cap:	US\$549.9m
	RM2,294m
Average daily turnover:	US\$1.37m
	RM5.85m
Current shares o/s:	4,412m
Free float:	42.1%
*Source: Bloomberg	

**Key changes in this note**

- ▶ Cutting FY20-22F EPS by 17-53% to account for disruptions from the MCO/Covid-19, lower construction margins due to the provisions and higher depreciation.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-5.5	-6.3	-27.8
Relative (%)	-3.2	-13.4	-25.5

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

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# Malaysian Resources Corp

## Stay optimistic beyond the 1H20 blip

- 1H20 core net loss was deeper than expected, hit by provisions and MCO.
- Potential earnings recovery in 2H20F and likely rail job revival are positives.
- Add reiterated but with a lower TP; upside risk: HSR news flow in 2H20F.

**1H20 slipped into core losses due to MCO; provisions hit 2Q20**

2Q20 was hit with a surprise RM202.5m provision/impairment relating to a completed project in 2019. The provision was made on a prudent basis in view of the challenging conditions from the Covid-19 outbreak and the movement control order (MCO) period, which could affect the recoverability of outstanding payments and ability of clients to settle the balance contract cost due to Malaysian Resources Corp (MRCB). Excluding the provisions, 1H20 slipped into a core net loss of RM1.5m vs. our and consensus's full-year net profit forecasts of RM43m-56m, although 97% lower than 1H19's core losses. 1H20 losses were mainly due to the impact of the MCO on all divisions, as seen from the 31% yoy fall in 2Q20 revenue (-61% qoq). However, the boost to 1H20 revenue (+25% yoy) was driven by its overseas property project (1060 Carnegie) in Melbourne, Australia, in 1Q20. No dividends were declared in 1H20 (vs. our forecast of 1.5 sen for FY20F).

**Overseas property venture to support 2H20F group earnings**

1H20 total revenue growth of 25% yoy was driven by a 115% yoy surge in property development revenue (see Fig. 2) as the group began to recognise contributions from 1060 Carnegie in Melbourne (GDV: RM290m, fully constructed at end-2019, sales rate at end-2Q20: 82%). We expect this venture to support a recovery in earnings in 2H20F. Excluding the provision, construction division's EBIT worked out to RM1.7m (0.7% EBIT margin), which is reflective of the almost zero billings in 2Q20 on account of the MCO stop work order that began on 18 Mar. Going into 2H20F, we expect both divisions to report stronger earnings underpinned by the normalisation of business activities, recovery in construction billings, and stronger property sales (RM250m-300m targeted in FY20F).

**Likely a rail job recovery angle in 2H20F; Add with a lower TP**

Looking beyond the subdued 1H20 results, we stay optimistic on the likely positive outcome of the KL-Singapore High Speed Rail (HSR) review by end-2020. Moving closer to Budget 2021 and the 12<sup>th</sup> Malaysia Plan, a construction sector job recovery hinges on the government's likely supportive stance to continue/resume mega projects, including the HSR, in our view. We stick to our view that if HSR news flow makes a comeback in 2H20F (ahead of the review deadline of end-2020), the risk-reward for contractors with past HSR awards in 2018 (including MRCB) will be attractive. We cut FY20-22F EPS to account for revenue disruptions from the MCO/Covid-19, lower construction margins due to the provisions, and higher depreciation. Add call retained with a lower TP as we update for balance sheet items (40% RNAV discount unchanged). Re-rating catalyst: Revival of HSR news flow in 2H20F. Downside risks: 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	1,272	1,311	1,350
Operating EBITDA (RMm)	91.8	(8.8)	115.9	129.8	143.1
Net Profit (RMm)	101.2	23.7	26.7	46.7	60.9
Core EPS (RM)	0.019	0.005	0.006	0.011	0.014
Core EPS Growth	(40.9%)	(72.3%)	12.3%	74.9%	30.4%
FD Core P/E (x)	29.4	106.1	94.5	54.0	41.4
DPS (RM)	0.018	0.010	0.015	0.015	0.015
Dividend Yield	3.37%	1.92%	2.88%	2.88%	2.88%
EV/EBITDA (x)	29.76	NA	24.98	22.00	19.66
P/FCFE (x)	2.15	NA	NA	NA	NA
Net Gearing	19.2%	21.0%	20.4%	19.7%	18.9%
P/BV (x)	0.47	0.45	0.46	0.46	0.46
ROE	1.76%	0.48%	0.53%	0.93%	1.22%
% Change In Core EPS Estimates			(52.6%)	(27.7%)	(16.8%)
CGS-CIMB/Consensus EPS (x)			0.61	0.66	0.66

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 1: Results comparison**

FYE Dec (RM m)	2QFY20	2QFY19	yoy % 1QFY20		qoq % 2QFY20 2QFY19		yoy %	Prev.		
			chg	chg	Cum	Cum	chg	FY20F	Comments	
Revenue	167.2	241.0	(30.6)	425.8	(60.7)	592.9	475.0	24.8	1,957.5	Commencement of revenue recognition from 1060 Carnegie property project in Melbourne
Operating costs	(368.2)	(207.3)	77.6	(389.9)	(5.6)	(747.2)	(414.2)	80	(1,865.3)	
EBITDA	(201.0)	33.6	(698)	35.9	(660.0)	(154.3)	60.8	(353.8)	92.2	
<b>EBITDA margin (%)</b>	<b>(120.2)</b>	<b>14.0</b>	<b>(961)</b>	<b>8.4</b>	<b>&gt;100</b>	<b>(26.0)</b>	<b>12.8</b>	<b>(303.3)</b>	<b>4.7</b>	
Depn & amort.	(13.4)	(16.6)	(19.1)	(7.9)	70.9	(27.8)	(30.0)	(7.5)	(26.8)	
EBIT	(214.4)	17.0	(1,361)	28.0	(865.1)	(182.1)	30.8	(691.5)	65.4	
Interest expense	(13.1)	(12.6)	4.7	(12.6)	4.4	(25.7)	(25.0)	3.1	(46.7)	Total debt of RM1.9bn at end-Jun
Interest & invt inc	3.3	4.1	(18.8)	7.9	(57.7)	6.9	9.2	(25.5)	21.0	Cash of RM554m at end-Jun
Associates & JV	2.2	1.3	74.5	3.6	(37.9)	5.8	3.2	80.5	27.6	Included RM1.4m LRT 3 JV profit (1H19: RM1m)
Exceptionals	(202.5)	58.0	(449.1)	-	nm	(202.5)	58.0	(449.1)	-	Provision/impairment on a completed contract in 2019
<b>Pretax profit</b>	<b>(222.0)</b>	<b>9.8</b>	<b>&gt;100</b>	<b>26.9</b>	<b>&gt;100</b>	<b>&gt;100</b>	<b>18.2</b>	<b>&gt;100</b>	<b>97.6</b>	
Tax	2.6	(2.2)	(7.0)	(11.2)	123	(8.7)	(9.0)	(4.1)	(38.9)	
Tax rate (%)	1.2	22.1	(94.8)	41.8	(97)	(4.4)	49.5	(109.0)	39.9	
Minority interests	(0.1)	3.4	(104.3)	0.0	>100	(0.1)	6.0	(102.3)	(2.3)	
<b>Net profit</b>	<b>(219.6)</b>	<b>11.1</b>	<b>&gt;100</b>	<b>15.6</b>	<b>&gt;100</b>	<b>(204.0)</b>	<b>15.2</b>	<b>&gt;100</b>	<b>56.4</b>	1H20 core net loss of RM1.5m vs our and consensus
Core net profit	(17.1)	(46.9)	(63.6)	15.6	n.m.	(1.5)	-42.8	(96.6)	56.4	full-year forecasts of RM43-56m
EPS (sen)	(5.0)	0.3	>100	0.4	(1,522.9)	4.6	0.3	>100	1.3	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 2: Segmental breakdown (excluding share of associates and JV)**

Revenue	1HFY20	1HFY19	YoY	Comments
Property development	336.4	156.4	115%	Commencement of revenue recognition from 1060 Carnegie in Melbourne
Engineering, construction & environment	231.5	283.5	-18%	Impacted by stop work order during the peak of MCO in 2Q20
Facilities management & parking	22.2	25.9	-14%	No new contracts YTD; impacted by the stop work order
Investment holding and others	2.8	9.2	-69%	Lumpy recurring revenues
<b>Total</b>	<b>592.9</b>	<b>475.0</b>	<b>25%</b>	
EBIT	1HFY20	1HFY19	YoY	
Property development	22.6	46.9	-52%	Recognition from 1060 Carnegie in Melbourne; RM5.1m provision linked to E&C segment
Engineering, construction & environment	(195.7)	1.5	-13025%	RM197.4m provision for a completed contract; impacted by MCO; core EBIT: RM1.7m
Facilities management & parking	3.2	0.1	4162%	Profits tend to be lumpy
Investment holding and others	(4.5)	(1.0)	363%	Profits tend to be lumpy
<b>Total</b>	<b>(174.4)</b>	<b>47.5</b>	<b>-467%</b>	
EBIT margins	1HFY20	1HFY19	% pts	
Property development	7%	30%	-78%	Commencement of revenue recognition from 1060 Carnegie in Melbourne
Engineering, construction & environment	-85%	1%	-85%	Core EBIT margin of 0.7% excluding provisions
Facilities management & parking	15%	0%	nm	Typically higher project margins
Investment holding and others	-159%	-11%	1403%	Profits tend to be lumpy
<b>Total</b>	<b>-29%</b>	<b>10%</b>	<b>-394%</b>	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 3: RNAV**

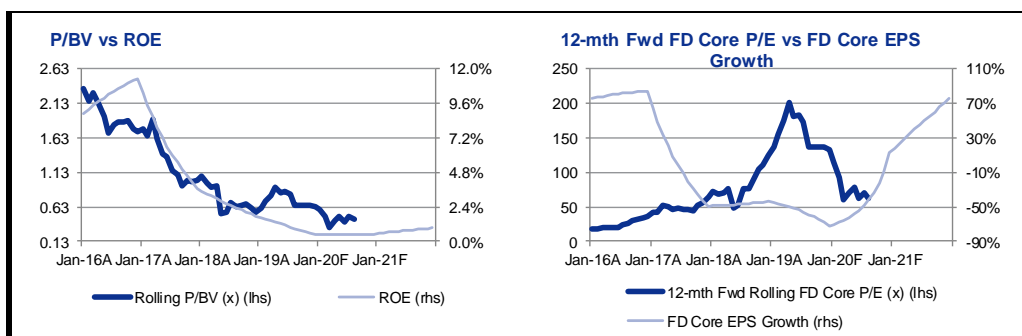
	Land bank		GDV	Stake	Value	Value
Ongoing property development	(Acres)	(m sq ft)	(RM m)	(%)	(RM psf)	(RM m)
Bukit Jalil KL Sports City	76.1	3.3	20,700.0	17%	400.0	225.4
Kwasa Sentral (Kwasa Damansara)	64.1	2.8	8,606.0	70%	250.0	488.6
Cyberjaya City	113.3	4.9	5,350.0	70%	200.0	690.9
KL Sentral - Lot F	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
Pulai 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
Canegje - 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
<b>Total</b>	<b>828.4</b>	<b>36.1</b>	<b>53,914.0</b>			<b>2,888.7</b>
				<b>Stake</b>		
Construction Net profit (FY21) at 15x P/E				<b>100%</b>		<b>75.0</b>
MQ REIT				31%		260.7
Property investments (2Q20)						1,432.4
Associates & investments (2Q20)						759.0
Net working capital less prop development cost (2Q20)						1,097.8
Total borrowings (2Q20)						(1,935.0)
<b>Total RNAV (RM m)</b>						<b>4,578.7</b>
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
<b>FD RNAV (RM m)</b>						<b>5,126.8</b>
<b>FD RNAV/share (RM)</b>						<b>1.06</b>
Discount to RNAV (%)						40%
<b>Target price (RM/share)</b>						<b>0.63</b>

SOURCES: CGS-CIMB, COMPANY REPORTS

**Figure 4: Earnings revision**

RM m	2019A	2020F			2021F			2022F		
		Old	New	%chg	Old	New	%chg	Old	New	%chg
Revenue	1,319	1,958	1,272	-35%	2,016	1,311	-35%	2,077	1,350	-35%
EBITDA	9	92	116	26%	104	130	24%	117	143	22%
Core pretax profit	53	98	66	-32%	110	79	-28%	122	92	-25%
Core net profit	24	56	27	-53%	65	47	-28%	73	61	-17%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**BY THE NUMBERS**

**Profit & Loss**

(RMm)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
<b>Total Net Revenues</b>	<b>1,871</b>	<b>1,319</b>	<b>1,272</b>	<b>1,311</b>	<b>1,350</b>
<b>Gross Profit</b>	<b>1,871</b>	<b>1,319</b>	<b>1,272</b>	<b>1,311</b>	<b>1,350</b>
<b>Operating EBITDA</b>	<b>92</b>	<b>(9)</b>	<b>116</b>	<b>130</b>	<b>143</b>
Depreciation And Amortisation	(26)	(62)	(61)	(62)	(62)
<b>Operating EBIT</b>	<b>66</b>	<b>(70)</b>	<b>55</b>	<b>68</b>	<b>81</b>
Financial Income/(Expense)	(23)	55	(32)	(33)	(34)
Pretax Income/(Loss) from Assoc.	25	7	13	13	14
Non-Operating Income/(Expense)	29	62	30	31	31
<b>Profit Before Tax (pre-EI)</b>	<b>97</b>	<b>53</b>	<b>66</b>	<b>79</b>	<b>92</b>
Exceptional Items	26	0	0	0	0
<b>Pre-tax Profit</b>	<b>123</b>	<b>53</b>	<b>66</b>	<b>79</b>	<b>92</b>
Taxation	(46)	(34)	(39)	(32)	(30)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>77</b>	<b>19</b>	<b>27</b>	<b>47</b>	<b>61</b>
Minority Interests	(1)	5	(0)	(0)	(0)
Preferred Dividends	0	0	0	0	0
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax	26				
<b>Net Profit</b>	<b>101</b>	<b>24</b>	<b>27</b>	<b>47</b>	<b>61</b>
Recurring Net Profit	85	24	27	47	61
<b>Fully Diluted Recurring Net Profit</b>	<b>85</b>	<b>24</b>	<b>27</b>	<b>47</b>	<b>61</b>

**Cash Flow**

(RMm)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
<b>EBITDA</b>	<b>92</b>	<b>(9)</b>	<b>116</b>	<b>130</b>	<b>143</b>
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	(32)	(33)	(34)
Tax Paid	(46)	(34)	(39)	(32)	(30)
<b>Cashflow From Operations</b>	<b>988</b>	<b>(56)</b>	<b>98</b>	<b>132</b>	<b>146</b>
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)
<b>Cash Flow From Investing</b>	<b>1,012</b>	<b>(206)</b>	<b>(206)</b>	<b>(206)</b>	<b>(206)</b>
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
<b>Cash Flow From Financing</b>	<b>(1,994)</b>	<b>373</b>	<b>84</b>	<b>61</b>	<b>61</b>
Total Cash Generated	6	110	(24)	(13)	1
<b>Free Cashflow To Equity</b>	<b>1,165</b>	<b>(164)</b>	<b>(117)</b>	<b>(83)</b>	<b>(69)</b>
<b>Free Cashflow To Firm</b>	<b>2,044</b>	<b>(217)</b>	<b>(62)</b>	<b>(26)</b>	<b>(11)</b>

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
<b>Total Current Assets</b>	<b>3,223</b>	<b>3,251</b>	<b>3,249</b>	<b>3,252</b>	<b>3,259</b>
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
<b>Total Non-current Assets</b>	<b>5,119</b>	<b>5,177</b>	<b>5,095</b>	<b>5,017</b>	<b>4,943</b>
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
<b>Total Current Liabilities</b>	<b>1,965</b>	<b>1,871</b>	<b>1,843</b>	<b>1,816</b>	<b>1,789</b>
Total Long-term Debt	766	766	766	766	766
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	641	616	591	567	545
<b>Total Non-current Liabilities</b>	<b>1,407</b>	<b>1,381</b>	<b>1,356</b>	<b>1,333</b>	<b>1,310</b>
Total Provisions	70	72	74	77	79
<b>Total Liabilities</b>	<b>3,442</b>	<b>3,324</b>	<b>3,274</b>	<b>3,225</b>	<b>3,178</b>
Shareholders' Equity	4,832	5,071	5,036	5,008	4,987
Minority Interests	68	32	33	35	37
<b>Total Equity</b>	<b>4,900</b>	<b>5,103</b>	<b>5,070</b>	<b>5,044</b>	<b>5,024</b>

### Key Ratios

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue Growth	(29.2%)	(29.5%)	(3.6%)	3.0%	3.0%
Operating EBITDA Growth	(37%)	(110%)	N/A	12%	10%
Operating EBITDA Margin	4.9%	(0.7%)	9.1%	9.9%	10.6%
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)	1.17	1.42	1.63
Effective Tax Rate	37.5%	64.7%	59.0%	40.5%	33.2%
Net Dividend Payout Ratio	75%	138%	183%	105%	80%
Accounts Receivables Days	294.4	228.1	244.9	225.2	207.7
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%)	1.17%	1.46%	1.74%
ROCE (%)	1.26%	0.46%	1.03%	1.24%	1.44%
Return On Average Assets	1.07%	(0.44%)	0.70%	0.97%	1.16%

### 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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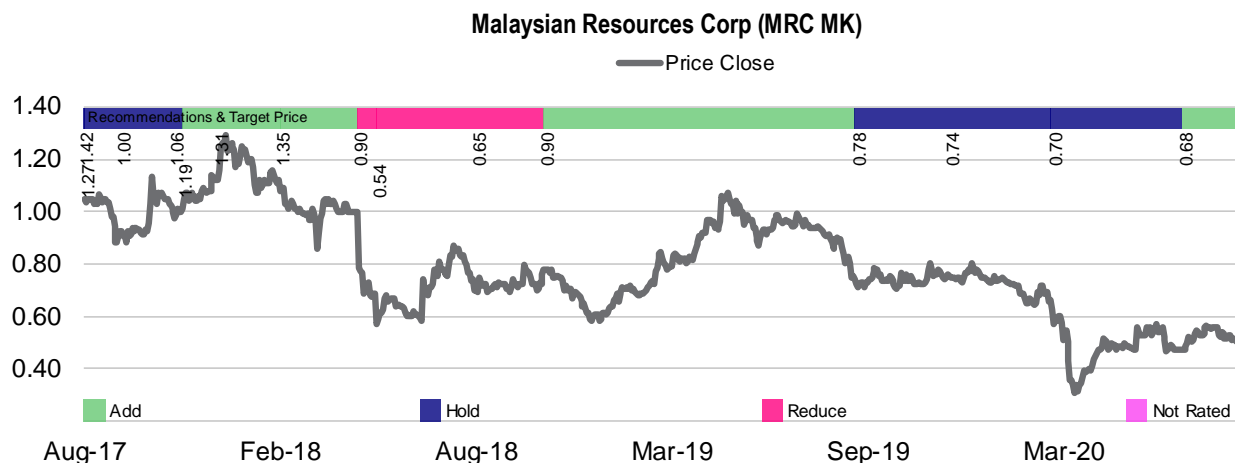
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Distribution of stock ratings and investment banking clients for quarter ended on 30 June 2020		
800 companies under coverage for quarter ended on 30 June 2020		
	Rating Distribution (%)	Investment Banking clients (%)
Add	60.1%	0.4%
Hold	25.9%	0.1%
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, **BGP** – Excellent, Certified, **BPCG** – 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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