

Malaysia

**HOLD** (no change)

Consensus ratings\*: Buy 3 Hold 5 Sell 2

Current price:	RM0.66
Target price:	RM0.70
Previous target:	RM0.74
Up/downside:	6.1%
CGS-CIMB / Consensus:	-12.7%
Reuters:	MYRS.KL
Bloomberg:	MRC MK
Market cap:	US\$689.1m
	RM2,912m
Average daily turnover:	US\$0.99m
	RM4.11m
Current shares o/s:	4,395m
Free float:	42.1%
*Source: Bloomberg	

**Key changes in this note**

- FY20-21F EPS cut by 11-13% on lower property and construction margins.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-7.7	-12	-17.5
Relative (%)	-2.8	-6.4	-4.5

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

**Analyst(s)**



**Sharizan ROSELY**

T (60) 3 2261 9077  
E sharizan.rosely@cgs-cimb.com

# Malaysian Resources Corp

## FY19 operating loss due to weak billings

- The FY19 core net loss was a negative surprise; weak billings were the drag.
- LRT 3 JV profit remained subdued and would only recover in 2H20F.
- Reiterate Hold with a lower TP; earnings outlook remains unexciting.

**FY19 results below expectations**

MRCB delivered a core net loss of RM34.3m (excluding RM58m gain from the sale of a 30% stake in ONE IFC) compared to our and consensus's full-year net profit forecasts of RM20m-84m. The discrepancy arose from 1) slow work progress in its property development projects, 2) deferment of earnings of selected property projects until the completion of the sale and purchase agreement (SPA), 3) re-timing of the LRT 3 contract, and 4) higher depreciation and tax rates. Overall, slow billings for both construction and property development led to a 29.5% yoy decline in FY19 revenue, led by the property division. The 1 sen DPS in FY19 was below our forecast of 2 sen.

**RM19m core EBIT for property; infra EBIT down 59% yoy**

FY19 revenue from its property development and investment division declined 46% yoy due to slow revenue bookings for high-rise projects pending completion of the sales and purchase agreements (SPA). Excluding the RM55.8m gain from asset sale, property development recorded a core operating profit of RM18.8m in FY19 (EBIT margin of 3.3%) vs. RM31m core EBIT in FY18, excluding RM66.8m land sale gain (core EBIT margin: 4.7%). For the construction division, the 10% yoy revenue drop for FY19 was due to slower billings while construction EBIT plunged 59% yoy, dragged by RM10m cost provisions. End-FY19 outstanding order book stood at RM21bn.

**LRT 3 JV profit remained weak**

LRT 3 JV profit, which is MRCB's 50% share of the turnkey profit from the revised LRT 3 project, remained thin. FY19 LRT JV profit stood at RM0.6m compared to RM14.6m in FY18. During the conference call, the group guided that the LRT 3 profit component will only improve once negotiations on the revised construction cost for each work package contract (WPC) is finalised with the full resumption of the project scopes, likely in 2H20F.

**Reiterate Hold with lower TP**

We cut FY20-21F EPS by 11-13% to reflect thinner property and construction margins and higher costs. We expect FY20F net profit to recover on the back of stronger billings for property development. We still feel that the group's unexciting earnings outlook, coupled with weak visibility of new order flows, will remain a major overhang to its share price. Weak market sentiment from the recent political upheaval potentially resulting in a change of government in Malaysia is likely to cap share price upside. Reiterate Hold with a lower RNAV-based TP of RM0.70 (unchanged 40% discount to RNAV). Revival in contract wins and clarity on East Coast Rail Line (ECRL) tenders are potential upside risks. Sustained losses are key downside risks.

**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)	37.3	134.6	56.8	49.6	43.8
DPS (RM)	0.018	0.010	0.015	0.015	0.015
Dividend Yield	2.65%	1.52%	2.27%	2.27%	2.27%
EV/EBITDA (x)	36.42	NA	38.10	33.30	29.34
P/FCFE (x)	2.72	NA	NA	NA	NA
Net Gearing	19.2%	21.0%	20.4%	19.7%	18.9%
P/BV (x)	0.60	0.57	0.58	0.58	0.58
ROE	1.76%	0.48%	1.12%	1.29%	1.46%
% Change In Core EPS Estimates			(12.8%)	(11.4%)	
CGS-CIMB/Consensus EPS (x)			0.85	0.70	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 1: Results comparison**

FYE Dec (RM m)	4QFY19	4QFY18	yoy % 3QFY19		qoq % 4QFY19		4QFY18		yoy %	Prev.	
			chg		chg	Cum	Cum	chg	FY19F	Comments	
Revenue	471.6	374.1	26.1	372.7	26.5	1,319.4	1,870.7	(29.5)	1,833.3	Slow recognition of property sales and construction	
Operating costs	(441.1)	(353.9)	24.7	(349.0)	26.4	(1,266.5)	(1,747.9)	(28)	(1,743.3)	order book	
EBITDA	30.5	20.3	51	23.8	28.6	52.9	122.8	(56.9)	90.0		
<b>EBITDA margin (%)</b>	<b>6.5</b>	<b>5.4</b>	<b>20</b>	<b>6.4</b>	<b>1.6</b>	<b>4.0</b>	<b>6.6</b>	<b>(38.9)</b>	<b>4.9</b>		
Depn & amort.	(16.2)	(15.7)	3.1	(9.1)	78.9	(61.7)	(31.0)	99.1	(26.3)		
EBIT	14.3	4.5	216	14.7	(2.4)	(8.8)	91.8	(109.6)	63.7		
Interest expense	(7.0)	(7.2)	(3.5)	(13.7)	(48.8)	(45.6)	(44.0)	3.6	(45.3)	Debt stood at RM1.8bn	
Interest & invt inc	12.4	14.6	(15.0)	10.5	17.8	100.8	49.7	103.0	20.8	Cash stood at RM517m	
Associates & JV	0.7	(4.2)	115.8	2.7	(75.3)	6.6	25.5	(74.2)	26.5	Included RM0.6m in LRT 3 JV profit (FY18: RM14.6m)	
Exceptionals	-	-	nm	-	nm	58.0	66.8	nm	-	Net gain from the disposal of ONE IFC in 2Q19	
<b>Pretax profit</b>	<b>20.4</b>	<b>7.7</b>	<b>165.3</b>	<b>14.3</b>	<b>43.1</b>	<b>53.0</b>	<b>123.0</b>	<b>(56.9)</b>	<b>121.4</b>		
Tax	(13.1)	(7.4)	(7.0)	(12.1)	8	(34.3)	(46.1)	(25.7)	(35.3)		
Tax rate (%)	64.2	95.9	(33.0)	84.8	(24)	64.7	37.5	72.7	29.1		
Minority interests	(1.3)	0.1	(1,612.9)	0.3	(468)	5.0	(1.5)	439.2	(2.2)		
<b>Net profit</b>	<b>6.0</b>	<b>0.4</b>	<b>1,399.8</b>	<b>2.5</b>	<b>139.4</b>	<b>23.7</b>	<b>101.2</b>	<b>(76.5)</b>	<b>83.8</b>	FY19 core net loss of RM34.3m vs ours and consensus	
Core net profit	6.0	0.4	1,399.8	2.5	n.m.	(34.3)	34.4	(199.7)	83.8	forecasts core net profit of RM20-84m	
EPS (sen)	0.1	0.6	(76.7)	0.1	133.3	0.5	2.3	(76.5)	1.9		

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 2: Segmental breakdown (excluding associate and JV profit) and discontinued operations (EDL)**

Revenue	FY19	FY18	YoY Comments
Property development	566.7	1,042.7	-46% Delayed due to S&P completion; slow revenue recognition from high-rise projects
Engineering, construction & environment	679.5	758.6	-10% Slow progress of construction works including higher-value infra contracts
Facilities management & parking	53.6	53.3	1% New environmental jobs have yet to flow through
Investment holding and others	19.5	16.1	21% Lumpy recurring revenues
<b>Total</b>	<b>1,319.4</b>	<b>1,870.7</b>	<b>-29%</b>
EBIT	FY19	FY18	YoY
Property development	76.8	97.8	-22% RM58m gain from the sale of ONE IFC in FY19; RM66.8m land sale gain in FY18
Engineering, construction & environment	23.1	56.2	-59% RM10m cost provision on ongoing contracts and potential legal proceedings
Facilities management & parking	6.0	6.4	-7% Some contracts at the tail-end
Investment holding and others	(3.7)	(5.3)	-29% Profits tend to be lumpy
<b>Total</b>	<b>102.1</b>	<b>155.2</b>	<b>-34%</b>
EBIT margins	FY19	FY18	% pts
Property development	14%	9%	44% Included RM58m gain in 2Q19 from the 30% stake sale in ONE IFC
Engineering, construction & environment	3%	7%	-4% Impacted by weak progress billings
Facilities management & parking	11%	12%	nm Typically higher project margins
<b>Investment holding and others</b>	<b>-19%</b>	<b>-33%</b>	<b>-42%</b> Profits tend to be lumpy
<b>Total</b>	<b>8%</b>	<b>8%</b>	<b>-7%</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				100%		150.0
MQ REIT				31%		297.3
Property investments (4Q19)						1,419.6
Associates & investments (4Q19)						762.7
Net working capital less prop development cost (4Q19)						1,379.6
Total borrowings (4Q19)						(1,825.0)
<b>Total RNAV (RM m)</b>						<b>5,072.9</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>5,621.1</b>
<b>FD RNAV/share (RM)</b>						<b>1.16</b>
Discount to RNAV (%)						40%
<b>Target price (RM/share)</b>						<b>0.70</b>

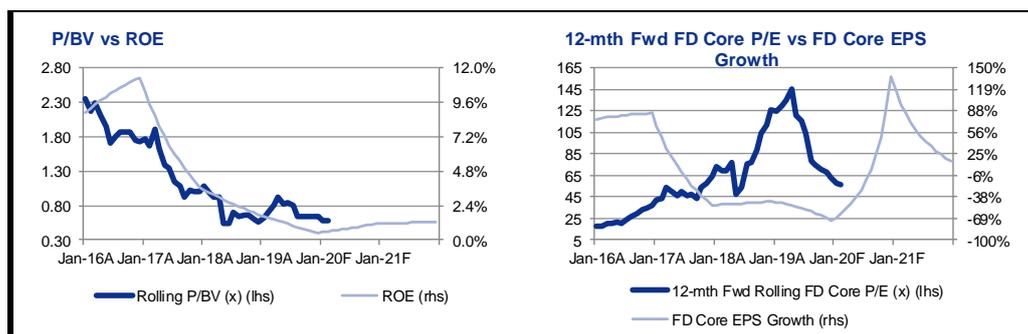
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 4: Earnings revision**

RM m	2019A	2020F			2021F			2022F		
		Old	New	%chg	Old	New	%chg	Old	New	%chg
Revenue	1,796	1,958	1,958	0%	2,016	2,016	0%	#N/A	2,077	#N/A
EBITDA	53	92	92	0%	104	104	0%	#N/A	117	#N/A
Core pretax profit	58	98	98	0%	110	110	0%	#N/A	122	#N/A
Core net profit	31	65	56	-13%	73	65	-11%	#N/A	73	#N/A

SOURCES: CIMB, 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>1,958</b>	<b>2,016</b>	<b>2,077</b>
<b>Gross Profit</b>	<b>1,871</b>	<b>1,319</b>	<b>1,958</b>	<b>2,016</b>	<b>2,077</b>
<b>Operating EBITDA</b>	<b>92</b>	<b>(9)</b>	<b>92</b>	<b>104</b>	<b>117</b>
Depreciation And Amortisation	(26)	(62)	(27)	(27)	(28)
<b>Operating EBIT</b>	<b>66</b>	<b>(70)</b>	<b>65</b>	<b>77</b>	<b>89</b>
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
<b>Profit Before Tax (pre-EI)</b>	<b>97</b>	<b>53</b>	<b>98</b>	<b>110</b>	<b>122</b>
Exceptional Items	26	0	0	0	0
<b>Pre-tax Profit</b>	<b>123</b>	<b>53</b>	<b>98</b>	<b>110</b>	<b>122</b>
Taxation	(46)	(34)	(39)	(43)	(47)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>77</b>	<b>19</b>	<b>59</b>	<b>67</b>	<b>76</b>
Minority Interests	(1)	5	(2)	(2)	(2)
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>56</b>	<b>65</b>	<b>73</b>
Recurring Net Profit	85	24	56	65	73
<b>Fully Diluted Recurring Net Profit</b>	<b>85</b>	<b>24</b>	<b>56</b>	<b>65</b>	<b>73</b>

### Cash Flow

(RMm)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
<b>EBITDA</b>	<b>92</b>	<b>(9)</b>	<b>92</b>	<b>104</b>	<b>117</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	(26)	(27)	(28)
Tax Paid	(46)	(34)	(39)	(43)	(47)
<b>Cashflow From Operations</b>	<b>988</b>	<b>(56)</b>	<b>81</b>	<b>102</b>	<b>110</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	(42)	(43)	(36)
<b>Free Cashflow To Equity</b>	<b>1,165</b>	<b>(164)</b>	<b>(134)</b>	<b>(112)</b>	<b>(105)</b>
<b>Free Cashflow To Firm</b>	<b>2,044</b>	<b>(217)</b>	<b>(79)</b>	<b>(56)</b>	<b>(47)</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%)	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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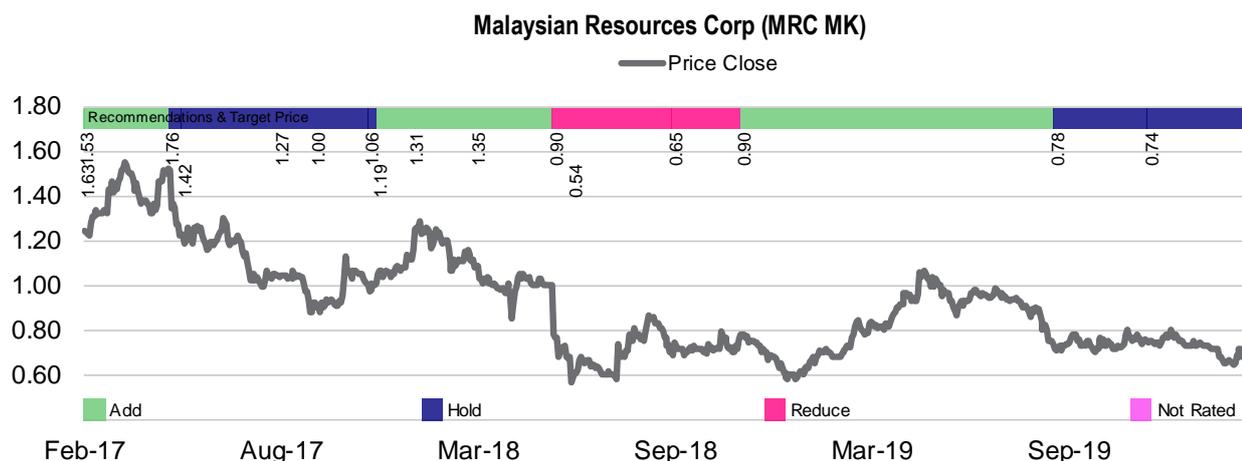
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Spitzer Chart for stock being researched ( 2 year data )



**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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