

Malaysia

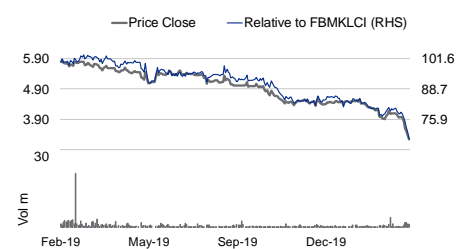
HOLD (no change)

Consensus ratings*: Buy 5 Hold 10 Sell 1

Current price:	RM3.23
Target price:	RM3.35
Previous target:	RM4.70
Up/downside:	3.6%
CGS-CIMB / Consensus:	-29.3%
Reuters:	UMWS.KL
Bloomberg:	UMWH MK
Market cap:	US\$896.1m
	RM3,774m
Average daily turnover:	US\$0.42m
	RM1.74m
Current shares o/s:	1,168m
Free float:	37.8%
*Source: Bloomberg	

Key changes in this note

- FY20F EPS decreased by 36%.
- FY21F EPS decreased by 29%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-23.3	-26.9	-44.5
Relative (%)	-19	-21.7	-32.4

Major shareholders

	% held
Permodalan Nasional Bhd	42.1
EPF	12.0
KWAP	8.0

Analyst(s)

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UMW Holdings

Going off track in 4Q19

- FY19 results missed expectations at 64% of our/consensus full-year profit forecasts due to disappointing earnings delivery in 4Q19.
- We cut our FY20-21F EPS by 29-36% to reflect lower auto sales following management's revised guidance and narrower margins in heavy equipment.
- Reiterate Hold with a lower RM3.35 TP, still based on 14x CY21F P/E.

Sequentially weaker 4Q19 core net profit

UMW's headline net profit surged from RM103m in 3Q19 to RM208m in 4Q19, mainly due to RM188m one-off gains related to its Shah Alam land disposal that was completed in Nov 2019. Stripping out the exceptional items, such as RM13.2m loss on sale of investment and RM12m loss on disposal of PPE, the group posted an 83% qoq drop in 4Q19 core net profit to RM16m. In spite of the weaker earnings, the group declared a 2 sen final DPS, bringing the total dividend for FY19 to 6 sen, below our expectation.

FY19 core net profit slumped 38% yoy

Revenue in FY19 grew by 3.9% yoy, driven by higher sales delivery from the auto (+3.9%) and manufacturing & equipment (+26%) segments; however, this was offset by weaker demand from the industrial equipment division, which pulled back equipment division sales by 8.5% yoy in FY19. Moreover, the group was impacted by higher depreciation expense, which rose by 22.8% yoy from RM282m in FY18 to RM346m in FY19 following the commissioning of the Bukit Raja plant and for the aerospace division. Overall, the group recorded a 38% yoy drop in FY19 core net profit to RM216m.

Challenging prospects for auto in FY20F

UMW-Toyota registered 70k unit sales in 2019, which grew by 5% yoy from 2018 but below its earlier guidance of 72k. The group is projecting a lower 66k sales volume in 2020F in view of the stiff competition amidst domestic economic uncertainty. Hence, we cut our FY20-21F EPS by 29-36% to reflect the lower sales volumes. Moreover, we see downside risks to automotive margins given the weaker ringgit against the US\$.

Better times ahead for the M&E division

The manufacturing and equipment (M&E) division's pretax profit jumped from RM21.5m in FY18 to RM60.9m in FY19 due to an increase in aero fan case shipment volume and higher sales from the lubricants business. We are encouraged to learn that the group's aerospace division turned profitable in 4Q19. The group expects to achieve 70% capacity utilisation for its aerospace division in 2020F as it starts assembly of the Trent 7000 engine fan case in 4Q20, on top of the existing production for the Trent 1000 engine.

Reiterate Hold with a lower RM3.35 TP

Reiterate Hold with a lower RM3.35 TP, based on 14x CY21F P/E, in line with our target sector P/E. Higher aerospace earnings and a stronger ringgit are potential upside risks, while lack of new model launches and weakening ringgit are potential de-rating catalysts.

Financial Summary

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue (RMm)	11,304	11,739	10,250	10,551	10,703
Operating EBITDA (RMm)	649.8	631.4	633.4	666.9	644.3
Net Profit (RMm)	515.9	216.5	231.1	271.6	264.9
Core EPS (RM)	0.30	0.19	0.20	0.23	0.23
Core EPS Growth	10.2%	(37.8%)	6.8%	17.5%	(2.5%)
FD Core P/E (x)	10.70	17.21	16.12	13.72	14.06
DPS (RM)	0.02	0.06	0.08	0.10	0.12
Dividend Yield	0.62%	1.86%	2.48%	3.10%	3.72%
EV/EBITDA (x)	11.80	11.42	10.73	10.39	10.74
P/FCFE (x)	NA	7.92	4.22	9.89	6.99
Net Gearing	26.6%	17.0%	7.4%	6.8%	4.5%
P/BV (x)	1.13	1.02	1.00	0.98	0.97
ROE	10.9%	6.2%	6.2%	7.1%	6.8%
% Change In Core EPS Estimates			(36.1%)	(28.7%)	
CGS-CIMB/Consensus EPS (x)			0.59	0.65	0.57

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 1: Results comparison

FYE Dec (RM m)	4Q19	4Q18	yoy % chg	3Q19	qoq % chg	4Q19 Cum	4Q18 Cum	yoy % chg	Prev. FY9F	Comments
Revenue	3,116	2,679	16.3	2,883	8.1	11,739	11,304	3.9	11,524	Lower yoy sales in Auto and M&E segments in FY19
Operating costs	(2,953)	(2,502)	18.0	(2,734)	8.0	(11,109)	(10,654)	4.3	(10,790)	
EBITDA	162	177	(8.5)	149	9.0	630	649	(2.9)	734	Below expectation
EBITDA margin (%)	5.2	6.6		5.2		5.4	5.7		6.4	
Depn & amort.	(93)	(54)	70.9	(82)	13.2	(346)	(282)	22.8	(338)	In line
EBIT	70	123	(43.5)	67	3.9	284	367	(22.7)	396	
Interest expense	(33)	(54)	(39.1)	(31)	6.0	(126)	(98)	28.1	(120)	Total borrowings of RM2.5bn as at end-Dec 2019
Interest & invt inc	18	22	(17.5)	17	3.3	74	93	(20.5)	72	Total cash of RM1.5bn as at end-Dec 2019
Associates' contrib	65	100	(35.7)	85	(24.2)	292	271	7.7	285	Higher contribution from Perodua
Exceptionals	192	(40)	> 100	12	> 100	231	167	> 100	0	
Pretax profit	312	151	> 100	150	> 100	755	800	(5.7)	633	
Tax	(22)	(11)	91.4	(21)	4.3	(109)	(124)	(12.4)	(127)	Below expectation
Tax rate (%)	7.0	7.6		14.0		14.4	15.5		20.0	
Minority interests	(82)	(59)	39.0	(26)	> 100	(199)	(161)	23.7	(170)	Above expectation
Net profit	208	81	> 100	103	> 100	447	515	(13.2)	336	
Core net profit	16	111	(85.8)	92	(82.7)	216	348	(37.8)	336	Below expectation
EPS (sen)	17.8	6.9	> 100	8.8	> 100	38.3	44.1	(13.2)	28.8	FY19 core net profit made up 64% of CGS-CIMB
Core EPS (sen)	1.4	9.5	(85.8)	7.8	(82.7)	18.5	29.8	(37.8)	28.8	and Bloomberg consensus full-year profit forecast
DPS (sen)	2.0	2.5	(20.0)	4.0	(50.0)	6.0	2.5	> 100	10.0	Below expectation

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 2: Revenue and pretax profit breakdown

Revenue	4Q19	4Q18	yoy % chg	3Q19	qoq % chg	4Q19 Cum	4Q18 Cum	yoy % chg	
Segmental - Continuing Operations									
Automotive	2,450	2,044	19.9	2,297	6.7	9,296	8,947	3.9	Driven by stronger sales from UMW-Toyota in 4Q19
Equipment	328	397	(17.4)	354	(7.2)	1,408	1,540	(8.5)	Lower demand in heavy equipment division
Manufacturing & Engineering	329	243	35.3	252	30.2	1,063	843	26.0	Higher fan case shipment and lubricant sales volume
Others	9	(4)	> 100	(20)	> 100	(27)	(26)	6.0	
Total	3,116	2,679	16.3	2,883	8.1	11,739	11,304	3.9	
PBT									
Automotive	115	130	(11.9)	140	(18.0)	530	550	(3.6)	Sequentially lower contribution from Perodua in 4Q19
Equipment	27	34	(19.5)	31	(11.4)	136	160	(15.3)	
Manufacturing & Engineering	30	9	> 100	15	95.3	61	22	> 100	Aerospace division turned profitable in 4Q19
Others	140	(22)	> 100	(36)	> 100	28	69	59.4	
Total	312	151	> 100	150	107.4	755	800	(5.7)	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 3: Earnings revision

	Previous			Revised			Changes		
	2020F	2021F	2022F	2020F	2021F	2022F	2020F	2021F	2022F
Revenue	12,035	12,266	na	10,250	10,551	10,703	-15%	-14%	na
EBITDA	734	775	na	633	667	644	-14%	-14%	na
EBIT	431	477	na	267	302	267	-38%	-37%	na
Pretax Profit	670	705	na	500	533	504	-25%	-24%	na
Net Profit	362	381	na	231	272	265	-36%	-29%	na
EPS	31	33	na	20	23	23	-36%	-29%	na

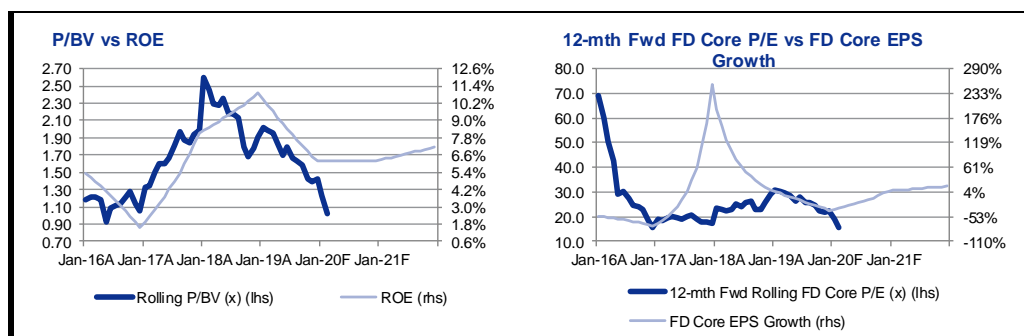
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 4: Sector comparison

Company	Bloomberg Ticker	Recom.	Price (local currency)	Target Price (local currency)	Market Cap (US\$ m)	Core P/E (x)		P/BV (x)		Recurring ROE (%)		EV/EBITDA (x)		Dividend Yield (%)	
						CY20F	CY21F	CY20F	CY21F	CY20F	CY21F	CY20F	CY21F	CY20F	CY21F
Bermaz Auto Berhad	BAUTO MK	Add	1.75	2.48	483	9.5	8.9	3.5	3.4	36.9	38.4	6.0	5.7	8.8	9.5
DRB-Hicom	DRB MK	Add	2.21	3.10	1,015	12.9	11.8	0.6	0.6	4.7	4.9	5.0	3.9	-	-
Tan Chong Motor Holdings	TCM MK	Reduce	1.26	1.28	195	11.8	11.1	0.3	0.3	2.4	2.5	5.1	4.8	2.4	2.4
UMW Holdings	UMWH MK	Hold	3.23	3.35	896	16.3	13.9	1.0	1.0	6.3	7.1	10.6	10.4	2.5	3.1
Sime Darby Bhd	SIME MK	Add	2.02	2.50	3,263	13.1	12.9	0.9	0.9	7.0	6.9	5.9	5.8	5.3	5.4
Malaysia average						13.0	12.3	0.8	0.8	7.1	6.6	6.1	5.6	4.6	4.4
Brilliance China Automotive	1114 HK	Reduce	6.88	7.09	4,453	4.2	3.6	0.7	0.6	17.7	17.4	na	na	2.4	2.8
BAIC Motor Corp Ltd	1958 HK	Reduce	4.02	4.20	4,134	5.9	5.8	0.6	0.5	10.1	9.6	1.5	1.7	5.8	6.0
Dingfeng Motor Group	489 HK	Hold	6.34	7.38	7,008	3.9	3.7	0.3	0.3	8.9	8.3	8.0	7.9	6.5	7.0
Geely Automobile Holdings	175 HK	Add	14.74	12.94	17,406	10.1	9.4	1.9	1.6	20.4	18.8	-1.4	-1.6	1.8	1.6
Great Wall Motor Co Ltd	2333 HK	Reduce	5.88	3.54	10,187	11.6	10.4	0.9	0.9	8.1	8.7	6.3	5.6	5.5	5.5
Guangzhou Automobile	2238 HK	Reduce	9.16	6.53	15,279	8.3	7.4	0.9	0.8	11.4	11.4	273.0	72.6	3.6	4.0
China & HK average						7.1	6.5	0.8	0.7	11.9	11.6	3.1	2.9	3.7	3.9
Hyundai Motor Company	005380 KS	Add	121,000	144,000	21,240	9.7	9.2	0.5	0.4	4.9	4.9	9.3	8.6	3.3	3.3
Kia Motors	000270 KS	Hold	37,700	44,000	12,555	7.8	8.0	0.5	0.5	6.6	6.1	2.3	2.1	2.9	3.2
Korea average						9.0	8.8	0.5	0.5	5.4	5.3	6.9	6.4	3.2	3.3
Tata Motors	TTMT IN	Add	145.3	241.0	6,700	7.9	4.4	0.7	0.6	9.9	15.6	3.7	2.8	0.2	0.4
Bajaj Auto	BJAUT IN	Reduce	2,937	2,755	11,875	17.9	16.3	3.2	2.9	19.0	18.8	12.4	10.7	2.1	2.3
Ashok Leyland	AL IN	Hold	76.00	82.80	3,118	26.5	18.8	2.4	2.3	9.4	12.5	10.6	8.0	1.7	2.6
Eicher Motors Ltd	EIM IN	Reduce	17,053	13,739	6,507	22.2	18.8	4.5	3.8	22.0	22.0	13.9	11.4	0.8	1.0
Mahindra & Mahindra	MM IN	Add	493.5	671.0	8,573	12.1	10.7	1.4	1.2	11.7	12.2	4.0	3.1	2.3	2.7
Maruti Suzuki	MSIL IN	Add	6,290	8,096	26,551	24.4	18.9	3.6	3.2	15.3	17.8	15.3	11.6	1.5	1.8
India average						16.9	12.4	2.1	1.9	13.3	16.1	6.7	5.3	1.5	1.8
Astra International	ASII IJ	Add	5,950	8,500	17,175	10.0	8.8	1.5	1.4	16.0	16.6	7.5	6.3	5.1	5.5
Indonesia average						10.0	8.8	1.5	1.4	16.0	16.6	7.5	6.3	5.1	5.5

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	11,304	11,739	10,250	10,551	10,703
Gross Profit	1,922	1,761	1,640	1,688	1,712
Operating EBITDA	650	631	633	667	644
Depreciation And Amortisation	(282)	(346)	(366)	(365)	(377)
Operating EBIT	368	285	267	302	267
Financial Income/(Expense)	(5)	(53)	(57)	(46)	(43)
Pretax Income/(Loss) from Assoc.	271	292	290	277	280
Non-Operating Income/(Expense)	0	0	0	0	0
Profit Before Tax (pre-EI)	634	524	500	533	504
Exceptional Items	167				
Pre-tax Profit	801	524	500	533	504
Taxation	(124)	(109)	(120)	(107)	(101)
Exceptional Income - post-tax					
Profit After Tax	677	415	380	427	403
Minority Interests	(161)	(199)	(149)	(155)	(139)
Preferred Dividends	0	0	0	0	0
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	516	216	231	272	265
Recurring Net Profit	348	216	231	272	265
Fully Diluted Recurring Net Profit	348	216	231	272	265

Cash Flow

(RMm)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
EBITDA	649.8	631.4	633.4	666.9	644.3
Cash Flow from Inv. & Assoc.					
Change In Working Capital	(936.9)	(299.7)	385.8	(183.4)	(27.2)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	563.8	593.4	366.1	364.5	377.0
Net Interest (Paid)/Received	(5.0)	(52.8)	(56.9)	(46.4)	(43.0)
Tax Paid	(139.0)	(129.6)	(120.0)	(106.6)	(100.9)
Cashflow From Operations	132.7	742.7	1,208.3	695.1	850.3
Capex	(915.0)	(345.5)	(400.0)	(400.0)	(400.0)
Disposals Of FAs/subsidiaries	0.0	0.0	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	0.0				
Other Investing Cashflow	93.2	73.1	73.6	81.6	82.5
Cash Flow From Investing	(821.8)	(272.4)	(326.4)	(318.4)	(317.5)
Debt Raised/(repaid)	0.0	0.0	0.0	0.0	0.0
Proceeds From Issue Of Shares	0.0	0.0	0.0	0.0	0.0
Shares Repurchased	0.0	0.0	0.0	0.0	0.0
Dividends Paid	(23.4)	(70.1)	(93.5)	(116.8)	(140.2)
Preferred Dividends					
Other Financing Cashflow	(35.4)	(69.7)	(70.0)	(70.0)	(70.0)
Cash Flow From Financing	(58.8)	(139.8)	(163.5)	(186.8)	(210.2)
Total Cash Generated	(747.8)	330.5	718.5	189.9	322.6
Free Cashflow To Equity	(689.1)	470.3	881.9	376.7	532.8
Free Cashflow To Firm	(590.8)	596.2	1,012.4	504.7	658.3

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	1,312	1,472	2,041	2,062	2,205
Total Debtors	1,083	1,451	1,266	1,304	1,322
Inventories	1,549	1,590	1,388	1,429	1,449
Total Other Current Assets	1,423	1,131	1,131	1,131	1,131
Total Current Assets	5,367	5,643	5,826	5,925	6,107
Fixed Assets	2,821	2,757	2,791	2,826	2,849
Total Investments	221	206	206	206	206
Intangible Assets	0	0	0	0	0
Total Other Non-Current Assets	2,349	2,542	2,542	2,542	2,542
Total Non-current Assets	5,391	5,505	5,539	5,574	5,597
Short-term Debt	535	386	386	386	386
Current Portion of Long-Term Debt					
Total Creditors	1,854	2,093	2,093	1,988	2,000
Other Current Liabilities	106	138	138	138	138
Total Current Liabilities	2,495	2,618	2,618	2,513	2,525
Total Long-term Debt	2,298	2,123	2,123	2,123	2,123
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	250	312	312	312	312
Total Non-current Liabilities	2,548	2,436	2,436	2,436	2,436
Total Provisions	0	0	0	0	0
Total Liabilities	5,044	5,053	5,053	4,948	4,960
Shareholders' Equity	3,345	3,693	3,760	3,845	3,900
Minority Interests	2,370	2,402	2,551	2,706	2,844
Total Equity	5,714	6,094	6,311	6,551	6,744

Key Ratios

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue Growth	2.1%	3.9%	(12.7%)	2.9%	1.4%
Operating EBITDA Growth	(14.9%)	(2.8%)	0.3%	5.3%	(3.4%)
Operating EBITDA Margin	5.75%	5.38%	6.18%	6.32%	6.02%
Net Cash Per Share (RM)	(1.30)	(0.89)	(0.40)	(0.38)	(0.26)
BVPS (RM)	2.86	3.16	3.22	3.29	3.34
Gross Interest Cover	3.74	2.27	2.05	2.36	2.13
Effective Tax Rate	15.5%	20.7%	24.0%	20.0%	20.0%
Net Dividend Payout Ratio	4.9%	21.6%	26.6%	30.9%	38.3%
Accounts Receivables Days	34.11	39.39	48.51	44.45	44.78
Inventory Days	57.56	57.39	63.29	58.00	58.42
Accounts Payables Days	29.53	32.45	40.02	36.60	34.19
ROIC (%)	4.63%	2.94%	2.77%	3.29%	2.82%
ROCE (%)	5.95%	4.18%	3.91%	4.29%	3.82%
Return On Average Assets	6.11%	5.15%	4.82%	4.97%	4.62%

Key Drivers

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
ASP (% chg, main prod./serv.)	1.5%	1.5%	1.5%	1.5%	1.5%
Unit sales grth (% , main prod./serv.)	-5.5%	5.0%	-6.0%	5.4%	2.6%
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
ASP (% chg, tertiary prod/serv)	N/A	N/A	N/A	N/A	N/A
Unit sales grth (% ,tertiary prod/serv)	N/A	N/A	N/A	N/A	N/A
Util. rate (% , tertiary prod/serv)	N/A	N/A	N/A	N/A	N/A

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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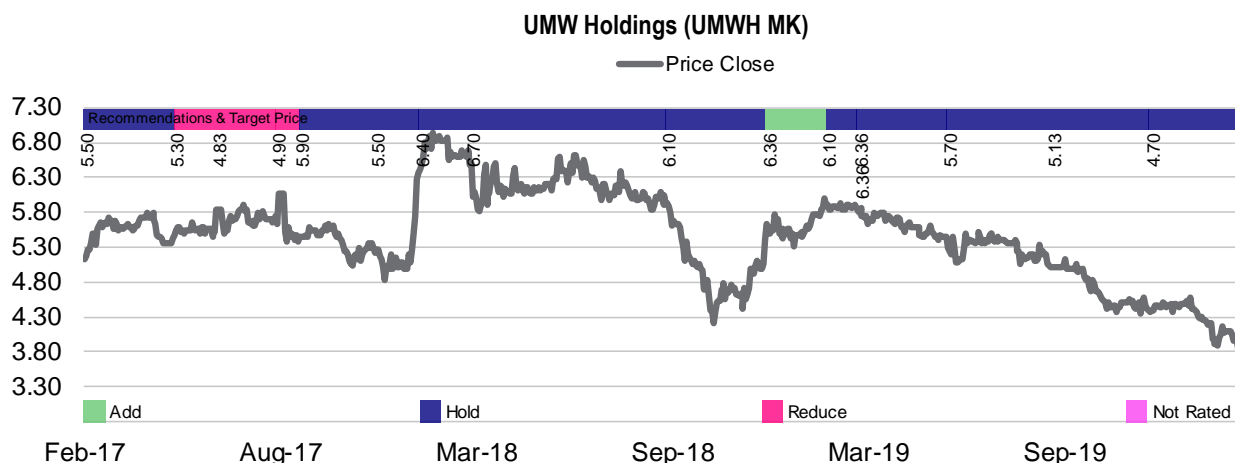
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Spitzer Chart for stock being researched (2 year data)



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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