

Hong Kong

ADD (no change)

Consensus ratings*: Buy 10 Hold 1 Sell 0

Current price:	HK\$11.00
Target price:	HK\$13.94
Previous target:	HK\$15.73
Up/downside:	26.7%
CGS-CIMB / Consensus:	-11.7%
Reuters:	3918.HK
Bloomberg:	3918 HK
Market cap:	US\$6,149m
	HK\$47,751m
Average daily turnover:	US\$6.11m
	HK\$47.56m
Current shares o/s:	4,341m
Free float:	34.0%

*Source: Bloomberg

Key changes in this note

- FY20F EPS reduced by 20%
- FY21F EPS reduced by 11%



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-15.4	-23.6	5.2
Relative (%)	-11.1	-22.7	7.1

Major shareholders	% held
Dr. Chen Lip Keong	44.2
Fourth Star Finance	18.2
Cambodia Development Corp	3.7

Analyst(s)



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NagaCorp Ltd

Not as bad as Macau

- FY19 net profit of US\$521m (+33% yoy) was stronger than expected, and GGR grew 20% to US\$1.7bn.
- We expect some negative near-term visitation and gaming trends due to the coronavirus, but we remain positive on the long-term growth drivers for Naga.
- Reiterate Add with a lower SOP-based target price. Re-rating catalysts are stronger than expected earnings from reduced coronavirus risks.

FY19 results stronger than expected

FY19 net profit of US\$521m (+33% yoy) was 5% above our forecast mainly due to lower-than-expected operating and finance costs. FY19 EBITDA reached US\$671m (+31% yoy). Mass/VIP/EGM (electric gaming machines) saw revenue growth of +35/+16/+22%. VIP revenue on a yoy basis was negatively impacted by a lower VIP win rate of 2.7% (-30bp yoy). Mass gaming was driven by increased tourism to Cambodia, and VIP growth was due to the addition of more junkets to Naga2 and a strong product offering. Junkets continued to navigate to Naga because of higher commission payouts coupled with junket desire to diversify their operations away from Macau

Coronavirus in Cambodia

According to ASEAN Briefing, as of 9 Feb, Cambodia has reported only 1 coronavirus case, and has not banned flights from China. However, Naga specifically bans any player who has been to Hubei province over the past 14 days from entering its properties. Given that Lunar New Year is historically a period of weaker seasonality for Naga, the company has not seen the extraordinary visitation slowdown as experienced by its Macau peers during the past two weeks. Nevertheless, we still expect some short-term negative visitation impact in 1H20F given the reduced regional travel.

Longer-term growth thesis remains

We believe that when the coronavirus situation stabilises, Naga will resume growth, driven by 1) increased political and economic connectivity between China and Cambodia, 2) increasing tourism to Cambodia, 3) capacity growth from Naga3, and 4) its diversified player base, as only 46% of its VIP players were from greater China in FY19. These metrics make Naga more attractive than the Macau names, and we forecast 11% gross gaming revenue (GGR) growth for Naga in FY20F vs. -15% average for Macau players.

Target price reduced

We cut our FY20/21F EPS forecasts by 20%/11% due to lower revenue assumptions. Our target price basis is still on SOP though we change our main valuation metric for its Cambodian gaming operations from 12.5x FY19F EV/EBITDA to 11x FY20F EV/EBITDA where 11x is a 10% discount to the historical 7-year Macau average (to take into account near-term risks). We would be buyers of the stock on any major decline. Downside risks to our call are weaker-than-expected earnings due to the coronavirus outbreak. Stronger-than-expected earnings if gaming demand stays resilient are a potential re-rating catalyst.

Financial Summary	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue (US\$m)	1,474	1,755	1,971	2,514	2,978
Operating EBITDA (US\$m)	512.0	668.7	679.8	846.4	988.8
Net Profit (US\$m)	390.6	521.3	476.1	613.0	731.0
Core EPS (US\$)	0.09	0.12	0.11	0.14	0.17
Core EPS Growth	53.1%	33.5%	(8.7%)	28.8%	19.2%
FD Core P/E (x)	15.74	11.80	12.92	10.03	8.41
DPS (US\$)	0.05	0.08	0.07	0.08	0.10
Dividend Yield	3.81%	5.99%	4.65%	5.99%	7.14%
EV/EBITDA (x)	11.81	9.15	8.93	7.07	5.93
P/FCFE (x)	13.71	15.71	20.40	13.97	12.12
Net Gearing	(6.6%)	(1.8%)	(4.7%)	(8.5%)	(13.1%)
P/BV (x)	3.99	3.44	3.61	3.20	2.81
ROE	26.7%	31.3%	27.3%	33.8%	35.6%
% Change In Core EPS Estimates			(19.8%)	(11.1%)	
CGS-CIMB/Consensus EPS (x)			0.79	0.89	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Not as bad as Macau

Key financial metrics

Summary ►

Figure 1: Financial summary

US\$m	2012	2013	2014	2015	2016	2017	2018	2019F	2020F	2021F	2022F
Revenue	279	345	404	504	532	956	1,474	1,755	1,971	2,514	2,978
yoy% growth	25%	24%	17%	25%	6%	80%	54%	19%	12%	28%	18%
EBITDA	139	173	176	229	258	320	512	669	680	846	989
yoy% growth	26%	25%	2%	30%	13%	24%	60%	31%	2%	24%	17%
Net Income	113	140	136	173	184	255	391	521	476	614	732
yoy% growth	23%	24%	-3%	27%	7%	39%	53%	33%	-9%	29%	19%
Public floor buy-ins	348	400	465	550	618	788	1,238	1,645	1,924	2,405	2,766
yoy% growth	34%	15%	16%	18%	12%	28%	57%	33%	17%	25%	15%
Electronic gaming bill-ins	995	1,098	1,186	1,371	1,499	1,812	2,215	2,760	3,450	4,140	4,761
yoy% growth	28%	10%	8%	16%	9%	21%	22%	25%	25%	20%	15%
VIP rollings	3,787	4,574	6,185	7,876	8,714	21,125	35,659	46,612	48,942	63,625	76,350
yoy% growth	17%	21%	35%	27%	11%	142%	69%	31%	5%	30%	20%
Public floor revenue	78	90	109	121	130	150	236	318	373	467	537
yoy% growth	24%	15%	21%	11%	7%	15%	57%	35%	17%	25%	15%
Electronic gaming revenue	88	102	85	137	146	151	129	158	213	255	293
yoy% growth	28%	16%	-17%	62%	6%	4%	-14%	22%	34%	20%	15%
VIP revenue	95	133	188	223	226	625	1,069	1,243	1,321	1,718	2,061
yoy% growth	18%	40%	41%	18%	1%	177%	71%	16%	6%	30%	20%
Public floor win rate	22.4%	22.4%	23.3%	22.0%	21.0%	19.0%	19.0%	19.4%	19.4%	19.4%	19.4%
Electronic gaming win rate	11.5%	11.0%	10.1%	9.8%	8.2%	7.9%	8.8%	8.8%	8.8%	8.8%	8.8%
VIP win rate	2.5%	2.9%	3.0%	2.8%	2.6%	3.0%	3.0%	2.7%	2.7%	2.7%	2.7%
Gross margin	72.9%	72.1%	67.4%	65.1%	69.0%	49.5%	45.7%	46.0%	46.0%	46.0%	46.0%
EBITDA margin	49.7%	50.0%	43.6%	45.4%	48.5%	33.5%	34.7%	38.1%	34.5%	33.7%	33.2%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Key changes ►

Figure 2: Estimate changes US\$m

US\$ m	2020F			2021F			2022F		
	Old	New	% change	Old	New	% change	Old	New	% change
Public floor buy-ins	1,996	1,924	-3.6%	2,335	2,405	3.0%	NA	2,766	NA
win rate	19.0%	19.4%	0.4%	19.0%	19.4%	0.4%	NA	19.4%	NA
revenue	379	373	-1.6%	444	467	5.2%	NA	537	NA
Electronic gaming bill-ins	3,311	3,450	4.2%	3,642	4,140	13.7%	NA	4,761	NA
revenue	204	213	4.2%	224	255	13.7%	NA	293	NA
Junket VIP rollings	53,310	48,942	-8.2%	58,640	63,625	8.5%	NA	76,350	NA
win rate	3.0%	2.7%	-0.3%	3.0%	2.7%	-0.3%	NA	2.7%	NA
revenue	1599	1,321	-17.4%	1759	1,718	-2.4%	NA	2,061	NA
Revenue	2246	1,971	-12.3%	2501	2,514	0.5%	NA	2,978	NA
gross margin	46.0%	46.0%	0.0%	46.0%	46.0%	0.0%	NA	46.0%	NA
EBITDA	787	680	-13.6%	893	846	-5.2%	NA	989	NA
EBITDA margin	35.0%	34.5%	-0.6%	35.7%	33.7%	-2.0%	NA	33.2%	NA
Net income	593	476	-19.8%	690	614	-11.0%	NA	732	NA
EPS (US cts.)	13.67	10.97	-19.8%	15.89	14.15	-11.0%	NA	16.86	NA

SOURCES: CGS-CIMB RESEARCH

Valuation and sector comparables

Figure 3: Naga's SOP-based valuation

	US\$m	Per share
EBITDA in FY20F	680	
EV in FY20F (11x)	7,478	
Total debt	295	
Historical cash	273	
Equity value	7,457	1.72
Total equity value (US\$)		1.72
Russia project value (HK\$)		0.54
Total equity value (HK\$)		13.94

SOURCES: CGS-CIMB RESEARCH

Figure 4: Value of Naga's Russian project

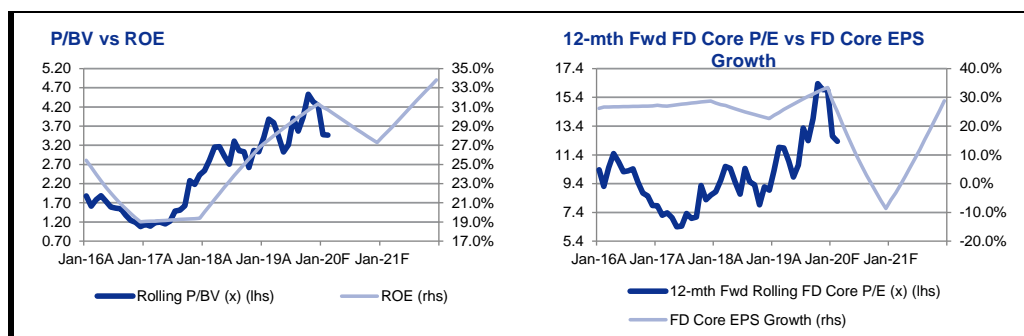
	US\$m
Invested capital	350
ROIC in FY21F	15%
EBITDA	53
FY21F EV/EBITDA multiple	8x
Enterprise value	420
Net debt	-
Equity value	420
# shares fully diluted (m)	4,341
Equity value/share in FY20F (US\$)	0.10
Discount rate	25.0%
Equity value/share in FY19F (US\$)	0.07
Equity value/share in FY19F (HK\$)	0.54

SOURCES: CGS-CIMB RESEARCH

Figure 5: Sector comparisons

Company	Bloomberg Ticker	Recom.	Price (local curr)	Target Price (local curr)	Market Cap (US\$ m)	Core P/E (x)		2-year EPS CAGR (%)	P/BV (x)		EV/EBITDA (x)		ROE (%)		Yield (%)	
						FY20F	FY21F		FY20F	FY21F	FY20F	FY21F	FY20F	FY21F	FY20F	FY21F
Galaxy Entertainment	27 HK	ADD	53.25	68.26	29,725	24.9	19.4	-3%	3.0	2.7	18.1	14.7	13%	15%	1.2%	1.5%
Sands China	1928 HK	ADD	38.25	46.60	39,841	23.4	17.2	7%	9.1	9.8	17.2	13.8	39%	55%	6.0%	6.0%
MGM China Holdings	2282 HK	ADD	11.14	17.87	5,452	20.0	14.0	12%	3.6	3.1	9.1	7.0	19%	24%	2.5%	3.6%
Wynn Macau	1128 HK	ADD	17.12	22.77	11,458	22.7	14.5	7%	34.8	26.6	13.1	10.2	167%	208%	4.0%	6.2%
SJM Holdings	880 HK	HOLD	8.97	9.66	6,543	29.2	19.0	-5%	1.8	1.7	18.1	10.5	6%	9%	2.3%	3.7%
HK listed Macau average						24.0	16.8	4%	10.5	8.8	15.1	11.2	49%	62%	3.2%	4.2%
Genting Bhd	GENT MK	ADD	5.35	7.80	4,968	10.7	10.6	-1%	0.5	0.5	4.1	3.6	5%	5%	2.2%	2.2%
Berjaya Sports Toto	BST MK	HOLD	2.56	2.62	832	14.2	12.6	6%	4.0	3.8	8.8	7.7	29%	31%	6.3%	6.9%
Genting Malaysia	GENM MK	HOLD	2.97	3.10	4,049	13.8	12.6	2%	0.9	0.9	6.7	6.4	7%	7%	3.7%	3.9%
Malaysia average						12.9	11.9	2%	1.8	1.7	6.5	5.9	14%	14%	4.1%	4.3%
Paradise	034230 KS	REDUCE	18,350	15,000	1,406	37.3	40.7	17%	1.3	1.3	13.9	13.5	3%	3%	1.4%	1.4%
Grand Korea Leisure	114090 KS	ADD	18,700	25,000	974	11.3	11.0	15%	1.8	1.6	5.8	5.7	16%	15%	4.3%	4.5%
Kangwon Land	035250 KS	HOLD	27,050	33,000	4,874	15.5	15.3	8%	1.6	1.5	4.6	3.6	10%	10%	3.7%	3.7%
Korea average						21.4	22.3	13%	1.5	1.5	8.1	7.6	10%	9%	3.1%	3.2%
NagaCorp Ltd	3918 HK	ADD	11.00	13.94	6,149	12.9	10.0	8%	3.6	3.2	8.9	7.1	27%	34%	4.6%	6.0%
Summit Ascent Holdings	102 HK	ADD	0.89	3.14	6,149	20.5	10.7	150%	0.8	0.7	1.5	0.7	4%	7%	0.0%	0.0%
Other average						16.7	10.3	79%	2.2	2.0	5.2	3.9	16%	20%	2.3%	3.0%

SOURCES: CGS-CIMB RESEARCH ESTIMATES, BLOOMBERG

BY THE NUMBERS

Profit & Loss

(US\$m)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Total Net Revenues	1,474	1,755	1,971	2,514	2,978
Gross Profit	673	846	907	1,156	1,370
Operating EBITDA	512	669	680	846	989
Depreciation And Amortisation	(93)	(100)	(79)	(79)	(79)
Operating EBIT	419	569	601	768	910
Financial Income/(Expense)	(16)	(16)	(15)	(14)	(13)
Pretax Income/(Loss) from Assoc.	0	0	0	0	0
Non-Operating Income/(Expense)	(3)	(1)	(1)	(2)	(2)
Profit Before Tax (pre-EI)	399	552	585	751	895
Exceptional Items					
Pre-tax Profit	399	552	585	751	895
Taxation	(9)	(30)	(108)	(138)	(164)
Exceptional Income - post-tax					
Profit After Tax	391	521	476	613	731
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	391	521	476	613	731
Recurring Net Profit	391	521	476	613	731
Fully Diluted Recurring Net Profit	391	521	476	613	731

Cash Flow

(US\$m)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
EBITDA	512.0	668.7	679.8	846.4	988.8
Cash Flow from Inv. & Assoc.					
Change In Working Capital	(26.7)	72.6	11.2	11.3	9.7
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	3.1	0.0	0.0	0.0	0.0
Other Operating Cashflow	12.8	8.8	29.5	28.9	(21.5)
Net Interest (Paid)/Received	(16.2)	(15.9)	(15.4)	(14.1)	(12.9)
Tax Paid	(8.2)	(30.4)	(108.5)	(138.4)	(163.9)
Cashflow From Operations	476.7	703.9	596.6	734.2	800.1
Capex	(243.3)	(320.0)	(300.0)	(300.0)	(300.0)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(73.6)	7.6	4.8	6.1	7.3
Cash Flow From Investing	(316.9)	(312.4)	(295.2)	(293.9)	(292.7)
Debt Raised/(repaid)	288.8	0.0			
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(170.8)	(420.6)	(238.2)	(342.2)	(370.7)
Preferred Dividends					
Other Financing Cashflow	(14.1)	(14.1)	(14.1)	(14.1)	(14.1)
Cash Flow From Financing	104.0	(434.7)	(252.2)	(356.3)	(384.7)
Total Cash Generated	263.7	(43.2)	49.2	84.0	122.6
Free Cashflow To Equity	448.6	391.5	301.4	440.3	507.3
Free Cashflow To Firm	179.3	411.7	321.6	460.5	527.5

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

(US\$m)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Total Cash And Equivalents	393	327	376	459	581
Total Debtors	117	127	142	182	215
Inventories	2	3	3	4	5
Total Other Current Assets	0	0	0	0	0
Total Current Assets	512	456	521	644	801
Fixed Assets	1,302	1,681	1,574	1,727	1,880
Total Investments	0	0	0	0	0
Intangible Assets	59	71	54	51	48
Total Other Non-Current Assets	94	140	140	140	140
Total Non-current Assets	1,455	1,891	1,767	1,917	2,067
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	80	159	187	238	282
Other Current Liabilities	12	16	16	16	16
Total Current Liabilities	92	175	202	254	298
Total Long-term Debt	291	295	295	295	295
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	44	89	89	89	89
Total Non-current Liabilities	335	384	384	384	384
Total Provisions	0	0	0	0	0
Total Liabilities	427	559	586	637	681
Shareholders' Equity	1,540	1,788	1,702	1,924	2,187
Minority Interests					
Total Equity	1,540	1,788	1,702	1,924	2,187

Key Ratios

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue Growth	54.2%	19.1%	12.3%	27.5%	18.5%
Operating EBITDA Growth	60.0%	30.6%	1.7%	24.5%	16.8%
Operating EBITDA Margin	34.7%	38.1%	34.5%	33.7%	33.2%
Net Cash Per Share (US\$)	0.023	0.007	0.019	0.038	0.066
BVPS (US\$)	0.35	0.41	0.39	0.44	0.50
Gross Interest Cover	21.52	28.15	29.75	37.99	45.04
Effective Tax Rate	2.2%	5.5%	18.6%	18.4%	18.3%
Net Dividend Payout Ratio	60.0%	70.6%	60.0%	60.1%	60.1%
Accounts Receivables Days	27.05	25.36	24.99	23.51	24.30
Inventory Days	0.88	0.97	1.03	0.99	1.02
Accounts Payables Days	35.93	48.00	59.49	57.09	59.01
ROIC (%)	31.5%	38.4%	32.6%	44.9%	49.2%
ROCE (%)	26.3%	29.3%	29.7%	36.7%	39.0%
Return On Average Assets	23.7%	24.9%	21.2%	25.9%	27.4%

Key Drivers

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
VIP Chip Volume (% Change)	68.8%	30.7%	5.0%	30.0%	20.0%
VIP Chip Win Percentage (%)	3.0%	2.7%	2.7%	2.7%	2.7%
Mass mkt chip drop (% chg.)	57.2%	32.8%	17.0%	25.0%	15.0%
Mass mkt chip win (%-tage)	19.0%	19.4%	19.4%	19.4%	19.4%
Slot Handle (% Change)	22.2%	24.6%	25.0%	20.9%	22.2%
Slot Hold Percentage (%)	8.8%	8.8%	8.8%	7.9%	8.8%
Net Win Per Slot (% Change)	5.0%	5.0%	5.0%	5.0%	5.0%
Net Win Per Table (% Change)	35.0%	-4.5%	8.5%	28.9%	18.9%
No. Of Slots	2,000	2,000	2,000	2,000	2,000
No. Of Tables	479	600	600	600	600

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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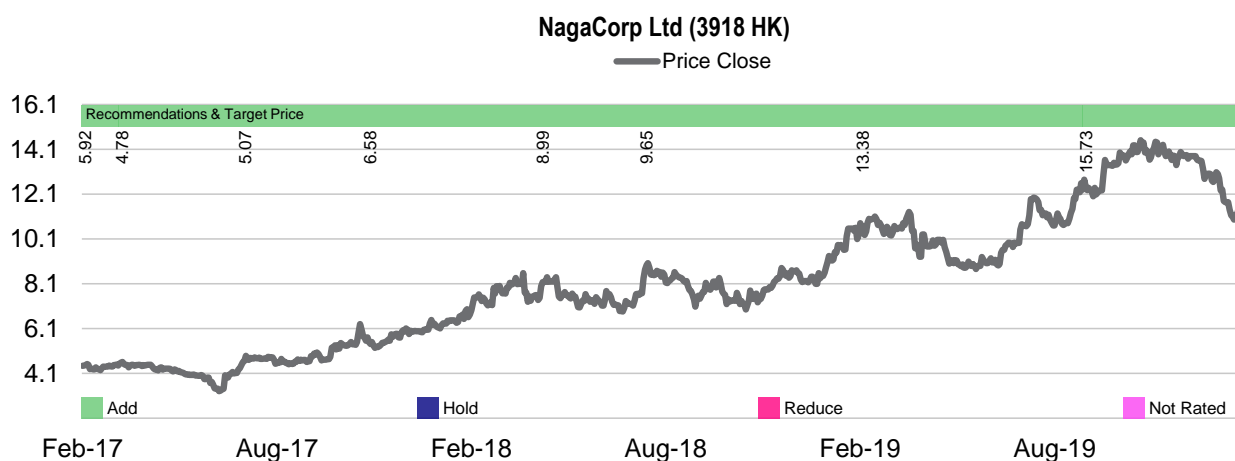
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Spitzer Chart for stock being researched (2 year data)



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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