

Hong Kong

**ADD** (no change)

Consensus ratings\*: Buy 10 Hold 1 Sell 0

Current price:	HK\$7.75
Target price:	HK\$9.09
Previous target:	HK\$13.94
Up/downside:	17.3%
CGS-CIMB / Consensus:	-39.4%
Reuters:	3918.HK
Bloomberg:	3918 HK
Market cap:	US\$4,340m
	HK\$33,643m
Average daily turnover:	US\$11.64m
	HK\$90.40m
Current shares o/s:	4,341m
Free float:	34.0%

\*Source: Bloomberg

**Key changes in this note**

- FY20F EPS reduced by 7%.
- FY21F EPS reduced by 4%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-27.4	-43	-30.6
Relative (%)	-15.7	-24.9	-8.7

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

## Relatively defensive gaming operator

- Naga reported certain operational metrics, with 1Q20 GGR increasing by 15% yoy, helped by VIP, which rose 25% yoy.
- We expect Naga to see a faster recovery relative to regional peers once gaming demand normalises.
- Reiterate Add with a lower SOP-based target price of HK\$9.09. Re-rating catalysts: stronger-than-expected earnings from reduced coronavirus risks.

### Strong 1Q20 operational results

Naga reported a limited set of operational metrics, with GGR (gross gaming revenue) increasing by 15% yoy. By segment, VIP/mass/EGM (electronic gaming machines) recorded +25%/-1%/-15% yoy. These metrics are stronger than Macau, which registered a 60% yoy decline in GGR for 1Q20. Naga's VIP outperformed due to limited travel restrictions from China to Cambodia, Naga remaining open throughout 1Q20 and given the plethora of Chinese nationals who live in Cambodia for business purposes. Mass and EGM were weaker mainly due to fewer tourist arrivals into Cambodia during the quarter.

### We expect Naga to see a quicker recovery vs. regional peers

As of 31 Mar, Cambodia reported 109 Covid-19 cases and, like other countries in Asia, saw a recent spike in cases. To combat the virus, all casinos in Cambodia closed starting 1 April and a re-opening date is undetermined at this point. With the exception of Macau and Singapore, casinos across Asia have closed. Given that Naga's customer base is not entirely dependent on foreign inbound traffic due to the large number of expatriates within Cambodia, we believe that Naga will see a quicker recovery in gaming revenues once demand normalises. Other casinos in Asia rely more on tourist arrivals, which may not see an immediate recovery once the Covid-19 outbreak is contained, in our view. In FY20F, we estimate Naga's GGR to fall by 5% vs. -34% for Macau.

### Valuations are attractive at these levels

In terms of consensus EV/EBITDA, the stock is currently trading at 6x 12 month forward, 1 s.d. below its 7-year average and the valuation discount to the Macau average has widened to 44% vs. the 7-year historical discount of 39%. Hence, we believe valuations are attractive at these levels. We have a long-term positive view on Naga due to its diverse customer base, monopoly status, new gaming capacity and the fact that it is a direct beneficiary of visitor traffic from closer economic and political ties with China.

### Maintain Add with lower target price

We cut our FY20F EPS forecast by 7% due to lower revenue assumptions. Our target price is still based on SOP but we change our main valuation metric for its Cambodian gaming operations from 11x FY20F EV/EBITDA to 8.5x, a 30% discount to the historical 7-year Macau average. Downside risks to our call are weaker-than-expected earnings due to the coronavirus outbreak. Re-rating catalysts are stronger-than-expected earnings if gaming demand remains resilient.

### Financial Summary

	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue (US\$m)	1,755	1,657	2,113	2,506
Operating EBITDA (US\$m)	668.7	562.2	717.4	836.7
Net Profit (US\$m)	521.3	440.5	588.2	701.9
Core EPS (US\$)	0.12	0.10	0.14	0.16
Core EPS Growth	33.5%	(15.5%)	33.5%	19.3%
FD Core P/E (x)	8.33	9.85	7.38	6.18
DPS (US\$)	0.085	0.061	0.081	0.097
Dividend Yield	8.48%	6.09%	8.13%	9.70%
EV/EBITDA (x)	6.44	7.84	6.06	5.09
P/FCFE (x)	16.31	17.59	11.02	8.53
Net Gearing	(1.78%)	3.73%	0.45%	(3.87%)
P/BV (x)	2.43	2.47	2.21	1.98
ROE	31.3%	24.8%	31.6%	33.8%
% Change In Core EPS Estimates		(7.48%)	(4.04%)	(3.98%)
CGS-CIMB/Consensus EPS (x)		0.77	0.89	0.96

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## Relatively defensive gaming operator

### Key financial metrics

#### Summary ►

Figure 1: Quarterly metrics

USD'000	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19
GGR	243,185	470,681	357,402	363,152	321,165	551,241	414,945
yoy	181%	57%	115%	-3%	32%	17%	16%
Net gaming revenue	-	-	-	-	160,747	-	-
yoy	-	-	-	-	-	-	-
VIP GGR	-	-	-	-	-	-	-
yoy	-	-	-	-	-	-	-
Mass GGR	-	-	-	-	68,669	-	-
yoy	-	-	-	-	-	-	-
Mass buy in	263,769	309,995	313,867	350,616	344,399	411,864	467,890
yoy	56%	51%	64%	58%	31%	33%	49%
EGM bill in	515,375	527,196	560,529	611,538	665,803	675,527	708,799
yoy	24%	21%	21%	23%	29%	28%	26%
VIP rollings	5,644,059	11,195,576	8,194,813	10,624,084	8,186,962	14,993,423	10,687,334
yoy	51%	178%	153%	5%	45%	34%	30%

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	1,924	1,480	-23%	2,405	1,776	-26%	2,766	2,043	-26%
win rate	19.4%	19.4%	0%	19.4%	19.4%	0%	19.4%	19.4%	0%
revenue	373	287	-23%	467	345	-26%	537	396	-26%
Electronic gaming bill-ins	3,450	2,346	-32%	4,140	2,932	-29%	4,761	3,372	-29%
revenue	213	145	-32%	255	181	-29%	293	208	-29%
Junket VIP rollings	48,942	44,281	-10%	63,625	57,565	-10%	76,350	69,078	-10%
win rate	2.7%	2.7%	0%	2.7%	2.7%	0%	2.7%	2.7%	0%
revenue	1321	1,196	-10%	1718	1,554	-10%	2061	1,865	-10%
Revenue	1,971	1,657	-16%	2,514	2,113	-16%	2,978	2,506	-16%
gross margin	46.0%	45.0%	-1%	46.0%	46.0%	0%	46.0%	46.0%	0%
EBITDA	680	562	-17%	846	717	-15%	989	837	-15%
EBITDA margin	34.5%	33.9%	-0.6% pts	33.7%	33.9%	0.3% pts.	33.2%	33.4%	0.2% pts.
Net income	476	440	-7%	614	588	-4%	732	702	-4%
EPS (US cts.)	10.97	10.15	-7%	14.15	13.55	-4%	16.86	16.17	-4%

SOURCES: CGS-CIMB RESEARCH

## Valuation and sector comparables

Figure 3: Naga SOP-based target valuation

	US\$m	Per share
EBITDA in FY20F	562	
EV in FY20F (8.5x)	4,778	
Total debt	295	
Historical cash	273	
Equity value	4,757	1.10
Total equity value (US\$)		1.10
Russia project value (HK\$)		0.54
<b>Total equity value (HK\$)</b>		<b>9.09</b>

SOURCES: CGS-CIMB RESEARCH

Figure 4: Value of Naga's Russia project

	US\$m
Invested capital	350
ROIC in FY22F	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%
<b>Equity value/share in FY20F (US\$)</b>	<b>0.07</b>
<b>Equity value/share in FY20F (HK\$)</b>	<b>0.54</b>

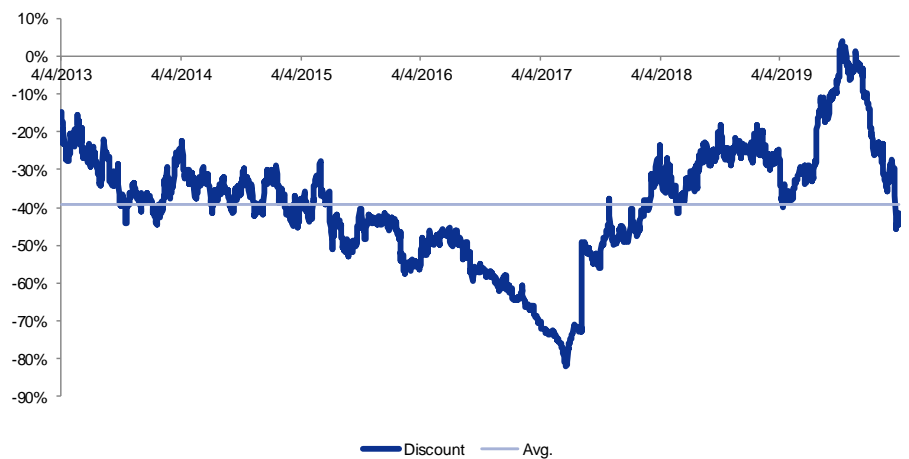
SOURCES: CGS-CIMB RESEARCH

Figure 5: NagaCorp consensus forward EV/EBITDA



SOURCES: CGS-CIMB RESEARCH, BLOOMBERG

Figure 6: Naga average consensus EV/EBITDA discount vs. Macau average



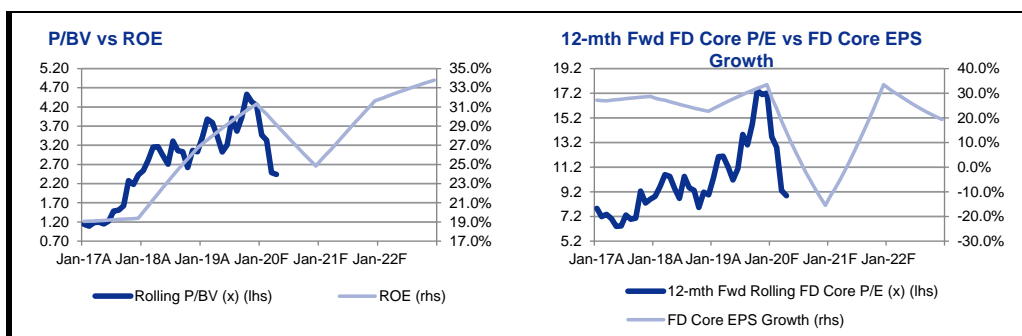
SOURCES: CGS-CIMB RESEARCH, BLOOMBERG

Figure 7: Sector Comparisons

Company	Bloomberg		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 (%)	
	Ticker	Recom.				FY20F	FY21F		FY20F	FY21F	FY20F	FY21F	FY20F	FY21F	FY20F	FY21F
Galaxy Entertainment	27 HK	ADD	40.50	58.28	22,648	31.0	15.6	-7%	2.2	2.0	19.3	11.3	7%	13%	1.0%	1.9%
Sands China	1928 HK	HOLD	27.60	32.88	28,798	26.9	14.9	-2%	6.7	8.4	17.3	12.0	24%	50%	8.4%	8.4%
MGM China Holdings	2282 HK	ADD	7.82	12.44	3,833	31.3	11.6	11%	2.8	2.4	9.4	5.8	9%	22%	1.6%	4.3%
Wynn Macau	1128 HK	REDUCE	11.70	12.88	7,843	30.3	12.0	-3%	26.5	20.2	12.6	8.4	91%	191%	3.0%	7.5%
SJM Holdings	880 HK	HOLD	6.47	7.15	4,730	25.8	11.6	0%	1.3	1.2	18.3	8.0	5%	11%	2.6%	6.0%
<b>HK listed Macau average</b>						<b>29.1</b>	<b>13.1</b>	<b>0%</b>	<b>7.9</b>	<b>6.8</b>	<b>15.4</b>	<b>9.1</b>	<b>27%</b>	<b>57%</b>	<b>3.3%</b>	<b>5.6%</b>
Genting Bhd	GENT MK	ADD	3.76	7.30	3,318	9.0	7.6	-11%	0.4	0.4	6.0	5.6	5%	5%	8.6%	8.9%
Berjaya Sports Toto	BST MK	HOLD	2.30	2.62	705	12.8	11.3	6%	3.6	3.4	8.0	7.0	29%	31%	7.0%	7.7%
Genting Malaysia	GENM MK	ADD	2.03	2.90	2,630	19.1	11.5	-14%	0.6	0.6	7.4	5.7	3%	6%	9.9%	9.9%
<b>Malaysia average</b>						<b>13.6</b>	<b>10.1</b>	<b>-6%</b>	<b>1.6</b>	<b>1.5</b>	<b>7.2</b>	<b>6.1</b>	<b>12%</b>	<b>14%</b>	<b>8.5%</b>	<b>8.8%</b>
Paradise	034230 KS	REDUCE	12,150	15,000	898	24.7	26.9	17%	0.8	0.8	10.9	10.5	3%	3%	2.1%	2.1%
Grand Korea Leisure	114090 KS	ADD	12,700	25,000	638	7.6	7.5	15%	1.2	1.1	3.3	3.0	16%	15%	6.3%	6.7%
Kangwon Land	035250 KS	HOLD	18,450	33,000	3,207	10.6	10.5	8%	1.1	1.0	1.3	0.4	10%	10%	5.4%	5.4%
<b>Korea average</b>						<b>14.3</b>	<b>15.0</b>	<b>13%</b>	<b>1.0</b>	<b>1.0</b>	<b>5.2</b>	<b>4.6</b>	<b>10%</b>	<b>9%</b>	<b>4.6%</b>	<b>4.7%</b>
NagaCorp Ltd	3918 HK	ADD	7.75	9.09	4,340	9.9	7.4	6%	2.5	2.2	7.8	6.1	25%	32%	6.1%	8.1%
Summit Ascent Holdings	102 HK	ADD	0.60	1.58	4,340	15.0	7.9	21%	0.4	0.4	-0.5	-1.2	3%	6%	0.0%	0.0%
<b>Other average</b>						<b>12.4</b>	<b>7.6</b>	<b>14%</b>	<b>1.5</b>	<b>1.3</b>	<b>3.7</b>	<b>2.4</b>	<b>14%</b>	<b>19%</b>	<b>3.0%</b>	<b>4.1%</b>

DATA AS AT 1 APR 2020

SOURCES: CGS-CIMB RESEARCH ESTIMATES, BLOOMBERG

**BY THE NUMBERS**

**Profit & Loss**

(US\$m)	Dec-19A	Dec-20F	Dec-21F	Dec-22F
<b>Total Net Revenues</b>	<b>1,755</b>	<b>1,657</b>	<b>2,113</b>	<b>2,506</b>
<b>Gross Profit</b>	<b>846</b>	<b>746</b>	<b>972</b>	<b>1,153</b>
<b>Operating EBITDA</b>	<b>669</b>	<b>562</b>	<b>717</b>	<b>837</b>
Depreciation And Amortisation	(100)	(79)	(79)	(79)
<b>Operating EBIT</b>	<b>569</b>	<b>484</b>	<b>639</b>	<b>758</b>
Financial Income/(Expense)	(16)	(16)	(15)	(14)
Pretax Income/(Loss) from Assoc.	0	0	0	0
Non-Operating Income/(Expense)	(1)	(1)	(1)	(1)
<b>Profit Before Tax (pre-EI)</b>	<b>552</b>	<b>466</b>	<b>623</b>	<b>743</b>
Exceptional Items				
<b>Pre-tax Profit</b>	<b>552</b>	<b>466</b>	<b>623</b>	<b>743</b>
Taxation	(30)	(26)	(34)	(41)
Exceptional Income - post-tax				
<b>Profit After Tax</b>	<b>521</b>	<b>440</b>	<b>588</b>	<b>702</b>
Minority Interests				
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
<b>Net Profit</b>	<b>521</b>	<b>440</b>	<b>588</b>	<b>702</b>
Recurring Net Profit	521	440	588	702
<b>Fully Diluted Recurring Net Profit</b>	<b>521</b>	<b>440</b>	<b>588</b>	<b>702</b>

**Cash Flow**

(US\$m)	Dec-19A	Dec-20F	Dec-21F	Dec-22F
<b>EBITDA</b>	<b>668.7</b>	<b>562.2</b>	<b>717.4</b>	<b>836.7</b>
Cash Flow from Inv. & Assoc.				
Change In Working Capital	49.7	7.5	6.6	8.2
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense	39.0	36.4	35.3	34.3
Other Operating Cashflow	(21.5)	(21.5)	(21.5)	(21.5)
Net Interest (Paid)/Received	(15.9)	(16.2)	(15.1)	(14.1)
Tax Paid	(29.8)	(25.7)	(34.3)	(40.9)
<b>Cashflow From Operations</b>	<b>690.2</b>	<b>542.7</b>	<b>688.5</b>	<b>802.7</b>
Capex	(432.5)	(300.0)	(300.0)	(300.0)
Disposals Of FAs/subsidiaries				
Acq. Of Subsidiaries/investments				
Other Investing Cashflow	8.4	4.0	5.2	6.1
<b>Cash Flow From Investing</b>	<b>(424.1)</b>	<b>(296.0)</b>	<b>(294.8)</b>	<b>(293.9)</b>
Debt Raised/(repaid)	0.0			
Proceeds From Issue Of Shares				
Shares Repurchased				
Dividends Paid	(273.3)	(316.2)	(308.6)	(387.0)
Preferred Dividends				
Other Financing Cashflow	(35.9)	(28.1)	(28.1)	(28.1)
<b>Cash Flow From Financing</b>	<b>(309.3)</b>	<b>(344.3)</b>	<b>(336.7)</b>	<b>(415.2)</b>
Total Cash Generated	(43.2)	(97.6)	56.9	93.7
<b>Free Cashflow To Equity</b>	<b>266.1</b>	<b>246.7</b>	<b>393.6</b>	<b>508.9</b>
<b>Free Cashflow To Firm</b>	<b>286.3</b>	<b>266.9</b>	<b>413.9</b>	<b>529.1</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## BY THE NUMBERS... cont'd

### Balance Sheet

(US\$m)	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Total Cash And Equivalents	327	229	286	380
Total Debtors	127	120	153	181
Inventories	3	3	3	4
Total Other Current Assets	0	0	0	0
<b>Total Current Assets</b>	<b>456</b>	<b>352</b>	<b>442</b>	<b>565</b>
Fixed Assets	1,681	1,774	1,927	2,080
Total Investments	0	0	0	0
Intangible Assets	71	54	51	48
Total Other Non-Current Assets	140	140	140	140
<b>Total Non-current Assets</b>	<b>1,891</b>	<b>1,967</b>	<b>2,117</b>	<b>2,267</b>
Short-term Debt				
Current Portion of Long-Term Debt				
Total Creditors	159	160	200	237
Other Current Liabilities	16	16	16	16
<b>Total Current Liabilities</b>	<b>175</b>	<b>176</b>	<b>216</b>	<b>253</b>
Total Long-term Debt	295	295	295	295
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	89	89	89	89
<b>Total Non-current Liabilities</b>	<b>384</b>	<b>384</b>	<b>384</b>	<b>384</b>
Total Provisions	0	0	0	0
<b>Total Liabilities</b>	<b>559</b>	<b>559</b>	<b>599</b>	<b>637</b>
Shareholders' Equity	1,788	1,760	1,960	2,195
Minority Interests				
<b>Total Equity</b>	<b>1,788</b>	<b>1,760</b>	<b>1,960</b>	<b>2,195</b>

### Key Ratios

	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue Growth	19.1%	(5.6%)	27.5%	18.6%
Operating EBITDA Growth	30.6%	(15.9%)	27.6%	16.6%
Operating EBITDA Margin	38.1%	33.9%	33.9%	33.4%
Net Cash Per Share (US\$)	0.007	(0.015)	(0.002)	0.020
BVPS (US\$)	0.41	0.41	0.45	0.51
Gross Interest Cover	28.15	23.93	31.61	37.52
Effective Tax Rate	5.50%	5.50%	5.50%	5.50%
Net Dividend Payout Ratio	70.6%	60.0%	60.0%	60.0%
Accounts Receivables Days	25.36	27.21	23.51	24.29
Inventory Days	0.97	1.11	1.00	1.02
Accounts Payables Days	48.00	64.09	57.55	58.98
ROIC (%)	38.4%	26.2%	33.4%	36.9%
ROCE (%)	29.3%	23.6%	29.9%	32.2%
Return On Average Assets	24.9%	19.6%	24.7%	26.6%

### Key Drivers

	Dec-19A	Dec-20F	Dec-21F	Dec-22F
VIP Chip Volume (% Change)	30.7%	-5.0%	30.0%	20.0%
VIP Chip Win Percentage (%)	2.7%	2.7%	2.7%	2.7%
Mass mkt chip drop (% chg.)	32.8%	-10.0%	20.0%	15.0%
Mass mkt chip win (%-tage)	19.4%	19.4%	19.4%	19.4%
Slot Handle (% Change)	24.6%	-15.0%	20.9%	22.2%
Slot Hold Percentage (%)	8.8%	8.8%	7.9%	8.8%
Net Win Per Slot (% Change)	5.0%	5.0%	5.0%	5.0%
Net Win Per Table (% Change)	-4.5%	-5.0%	28.1%	19.1%
No. Of Slots	2,000	2,000	2,000	2,000
No. Of Tables	600	600	600	600

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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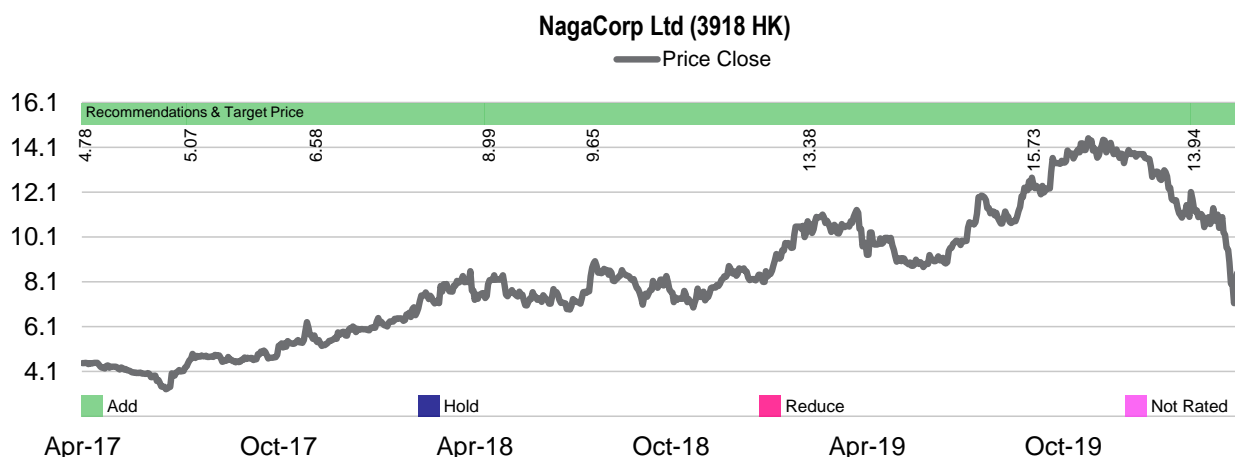
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Spitzer Chart for stock being researched ( 2 year data )



**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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