

## Singapore

**ADD** (no change)

Consensus ratings\*: Buy 2 Hold 0 Sell 1

Current price:	S\$2.32
Target price:	S\$2.92
Previous target:	S\$2.92
Up/downside:	25.9%
CGS-CIMB / Consensus:	10.2%
Reuters:	SIAE.SI
Bloomberg:	SIE SP
Market cap:	US\$1,934m
	S\$2,604m
Average daily turnover:	US\$0.73m
	S\$0.99m
Current shares o/s:	1,121m
Free float:	22.4%

\*Source: Bloomberg

### Key changes in this note

- FY22F EPS raised by 14%.
- FY23-24F EPS lowered by 5-9%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	5	-3.3	19.6
Relative (%)	0.7	-9.6	0.3

Major shareholders	% held
Singapore Airlines	77.6

### Analyst(s)



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# SIA Engineering

## Slowly but surely

- 3QFY3/22 net profit of S\$33m (+217% qoq) was above expectations due to one-time tax provision writeback from associates.
- EBIT loss in 3Q widened qoq due to tapering government support. We lower our FY23-24F EPS by 5-9% in view of higher-than-expected staff expenses.
- Progressive ramp up in VTL traffic should help 1HFY3/23F revenue growth. Reiterate Add with unchanged TP of S\$2.92, pegged to 2.0x CY22F P/BV.

### Associates helped by one-off tax provision writeback

SIE's 3QFY3/22 net profit came in above expectations at S\$33m (+217% qoq, +331% yoy), with 9M22 net profit forming 90%/101% of our/consensus' FY3/22F forecasts. The beat was largely due to stronger associates' contributions (S\$40m, +234% qoq) from a one-time tax provision writeback (amount undisclosed). Revenue of S\$140m (+1% qoq, +34% yoy) was driven by 1) higher flights handled at 12.9k flights (+17% qoq), and 2) more light checks conducted at 92 checks (+19% qoq). EBIT loss widened to S\$7.8m (vs. S\$3.8m loss in 2QFY3/22) due to higher staff expenses from tapering government support.

### Expanding its engine and component service offerings

2HFY3/22 has been a busy half for the group, with SIE expanding its engine and component service offerings via new agreements and the acquisition of SR Technics Malaysia (SRTM). On 16 Feb 22, the group agreed to acquire a 75% stake in SRTM for an all-cash consideration of US\$3.75m, completion of which would provide SIE with a component MRO business based in Malaysia. SIE has also expanded its engine capabilities to include the CFM LEAP 1A and 1B engines via 1) a 10-year engine test services agreement, and 2) commencement of new aircraft engine services facility to provide quick turn and modification embodiment services.

### FY23-24F EPS cut by 5-9% for higher staff expenses

We lift our FY3/22F net profit by 14% to S\$73m (vs. S\$11m net loss in FY3/21) in view of stronger-than-expected associates' contributions. However, we cut our FY3/23-24F EPS by 5-9% as we expect high staff costs to remain an overhang. While the Singapore Government has announced an extension of targeted assistance for the aviation sector (details yet to be disclosed), we do not think the quantum of aid will be significant.

### Valuations still attractive; reiterate Add at unchanged TP of S\$2.92

We still like SIE as a proxy play for gradual air traffic recovery. We expect vaccinated travel lanes (VTL) to gain traction in 1QFY3/23F as Singapore progressively reinstates daily pax quotas and introduces new lanes. Valuations look attractive as SIE currently trades at 1.6x CY22F P/BV (-1.5 s.d. from 10-year historical mean). We reiterate Add at an unchanged TP of S\$2.92, still pegged to 2.0 CY22F P/BV (average 12-month band just before Covid-19). Re-rating catalysts include faster-than-expected air traffic recovery, quicker recovery in associates. Downside risks include tightening of border controls.

### Financial Summary

	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Revenue (S\$m)	994.1	443.0	556.3	837.9	955.4
Operating EBITDA (S\$m)	143.8	46.2	52.2	76.3	89.0
Net Profit (S\$m)	193.8	(11.2)	72.8	66.3	79.2
Core EPS (S\$)	0.17	(0.01)	0.06	0.06	0.07
Core EPS Growth	20%	(106%)		(9%)	19%
FD Core P/E (x)	13.40	NA	35.73	39.26	32.85
DPS (S\$)	0.080	-	0.020	0.100	0.100
Dividend Yield	3.45%	0.00%	0.86%	4.31%	4.31%
EV/EBITDA (x)	11.59	34.04	28.95	19.59	16.80
P/FCFE (x)	17.71	13.97	38.44	61.84	22.72
Net Gearing	(30.5%)	(39.2%)	(41.5%)	(41.4%)	(42.2%)
P/BV (x)	1.60	1.70	1.62	1.58	1.61
ROE	12.3%	(0.7%)	4.6%	4.1%	4.8%
% Change In Core EPS Estimates			14.2%	(8.9%)	(4.6%)
CGS-CIMB/Consensus EPS (x)			1.23	0.82	0.74

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 1: Results comparison**

FYE Mar (S\$m)	3QFY22	3QFY21	yoy % chg	2QFY22	qoq % chg	FY22F	FY21	yoy % chg	Prev FY22F	Comments
Revenue	140.0	104.6	33.8	138.2	1.3	556.3	443.0	25.6	569.4	In line, 9M22 made up 71% of our FY22F forecast
Operating costs	(147.8)	(103.5)	42.8	(142.0)	4.1	(571.6)	(468.0)	22.1	(571.2)	
Operating profit	(7.8)	1.1	n.m.	(3.8)	106.5	(15.2)	(25.0)	(39.0)	(1.8)	Lower than expected due to higher staff costs
OPM (%)	-5.6%	1.1%		-2.7%		-2.7%	-5.6%		-0.3%	
Associates' contrib	40.1	12.3	226.0	12.0	234.2	81.8	39.9	105.0	59.0	Above due to one-time writeback of tax provisions
<b>Net profit</b>	<b>33.2</b>	<b>7.7</b>	<b>331.2</b>	<b>10.5</b>	216.6	<b>73.8</b>	<b>(19.6)</b>	<b>n.m.</b>	<b>64.5</b>	<b>Above, 9M22 made up 90% of our FY22F forecast</b>
NPM (%)	23.7%	7.4%		7.6%		13.3%	-4.4%		11.3%	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 2: Increasing number of flights handled and checks performed**

	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22
Light checks	54	55	53	61	85	77	92
Heavy checks	15	9	16	20	21	25	25
<b>Total</b>	<b>69</b>	<b>64</b>	<b>69</b>	<b>81</b>	<b>106</b>	<b>102</b>	<b>117</b>
qoq (%)	-51%	-7%	8%	17%	31%	-4%	15%
yoy %	-51%	-58%	-55%	-43%	54%	59%	70%
<b>Flights handled at Changi</b>	<b>4,952</b>	<b>6,320</b>	<b>7,807</b>	<b>8,648</b>	<b>9,755</b>	<b>10,990</b>	<b>12,860</b>
qoq (%)	-84%	28%	24%	11%	13%	13%	17%
yoy %	-87%	-84%	-81%	-73%	97%	74%	65%
<b>Fleet management aircraft size</b>	<b>86</b>	<b>82</b>	<b>79</b>	<b>80</b>	<b>79</b>	<b>77</b>	<b>76</b>
qoq (%)	-7%	-5%	-4%	1%	-1%	-3%	-1%
yoy %	2%	9%	7%	-13%	-8%	-6%	-4%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 3: Associates' contribution**

(S\$ m)	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22
<b>Associates' contribution</b>	32.4	30.0	19.2	32.3	26.0	27.4	39.6	34.9	13.7	14.7	12.3	(0.8)	14.8	12.0	40.1

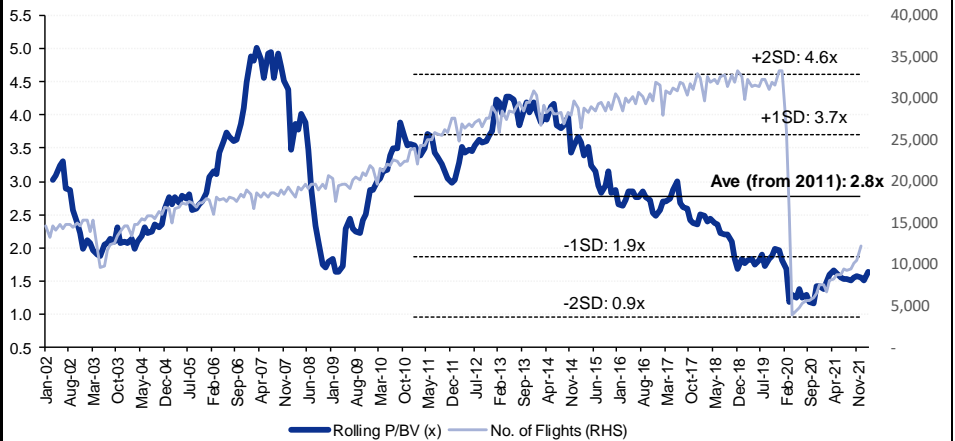
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 4: Earnings revision**

FYE Mar (S\$m)	Old			New			% change		
	FY22F	FY23F	FY24F	FY22F	FY23F	FY24F	FY22F	FY23F	FY24F
Revenue	569.4	824.9	941.6	556.3	837.9	955.4	-2.3%	1.6%	1.5%
Operating profit	(1.8)	4.8	10.7	(15.2)	1.6	9.2	752.6%	-66.4%	-14.1%
Assoc & JVs	59.0	73.8	81.2	81.8	73.6	81.0	38.5%	-0.3%	-0.3%
Recurring net profit	63.7	72.8	83.0	72.8	66.3	79.2	14.2%	-8.9%	-4.6%
Core EPS (Scts)	5.7	6.5	7.4	6.5	5.9	7.1	14.2%	-8.9%	-4.6%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 5: SIA Engineering P/BV (x) vs No. of Flights (Singapore)**



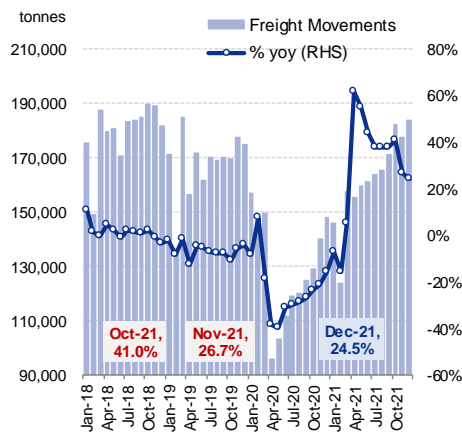
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, BLOOMBERG

**Figure 6: Peers Comparison (as of 21 Feb 22)**

Company	Bbg Ticker	Recom.	Price (lcl curr)	Target Price (lcl curr)	Market Cap (US\$ m)	Core P/E (x) CY22F	P/BV (x) CY23F	Recurring ROE (%) CY22F	Recurring ROE (%) CY23F	Dividend Yield (%) CY22F
SIA Engineering	SIE SP	Add	2.32	2.92	1,934	38.3	34.3	4.2%	4.6%	3.5%
ST Engineering	STE SP	Add	3.86	4.54	8,921	20.1	18.1	24.3%	25.6%	3.9%
SATS Ltd	SATS SP	Hold	4.24	4.32	3,533	49.8	23.8	6.1%	12.7%	2.1%
<b>Simple Average (all co)</b>						<b>36.1</b>	<b>25.4</b>	<b>11.5%</b>	<b>14.3%</b>	<b>3.2%</b>

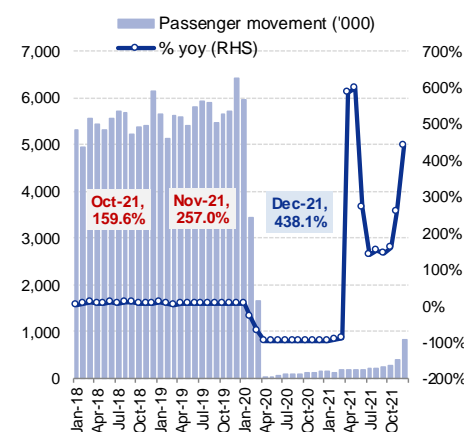
SOURCES: CIMB, COMPANY REPORTS, BLOOMBERG

**Figure 7: Changi Airport: Freights Movements (Singapore)**



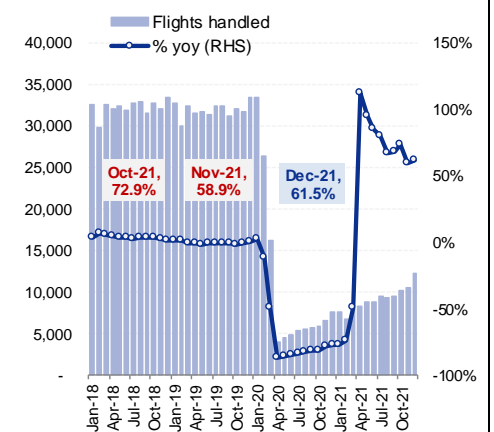
SOURCES: CGS-CIMB RESEARCH, CEIC

**Figure 8: Changi Airport: Passenger Movements (Singapore)**


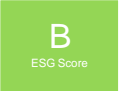

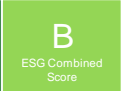





SOURCES: CGS-CIMB RESEARCH, CEIC

**Figure 9: Changi Airport: No. of Flights (Singapore)**

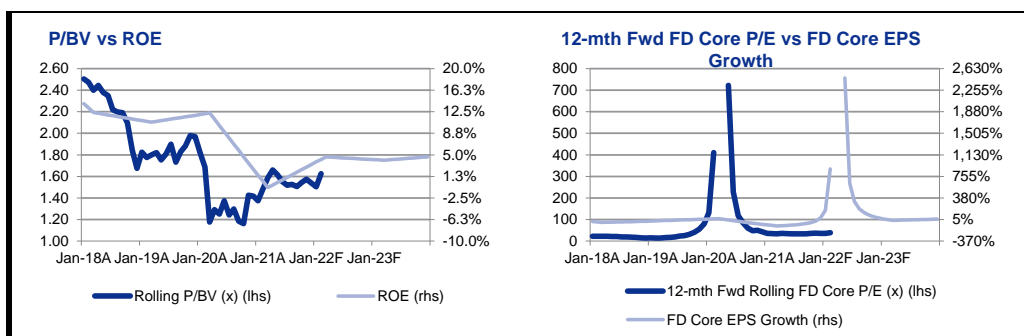


SOURCES: CGS-CIMB RESEARCH, CEIC

Refinitiv ESG Scores	
	
     	
<p><b>ESG in a nutshell</b></p> <p>SIE has made steady progress in improving its ESG standing via improved environmental and social initiatives. According to Refinitiv, the group's overall ESG score has improved from C- in FY16 to B in FY20. Its current score of B is split into E: B- (weightage: 29.1%), S: B (weightage: 42.7%) and G: B- (weightage 28.2%). We believe that the group will continue improving its ESG standing as it strives towards hitting its long-term 2030 carbon emissions target.</p>	
<p><b>Keep your eye on</b></p> <p>SIE was fined S\$230k in FY18 over a workplace safety lapse, which resulted in the death of a foreign worker at the Changi Hangar Complex. SIE was charged for failing to ensure an adequately safe workplace environment, as well as failing to implement adequate risk assessment. In FY20, an SIE employee fell from an aircraft while performing maintenance work, the result of which was fatal.</p>	<p><b>Implications</b></p> <p>As a company with labour-intensive operations, it is imperative for SIE to maintain high workplace safety standards. Since FY18, the group has steadily improved its safety measures, resulting in a decline in the reportable accident rate (accidents per million hours) from 2.06 in FY18 to 1.62 in FY20. However, we believe that there is room for improvement, given the two workplace fatalities over the course of FY18-20. We will continue to monitor the group's adherence to high safety standards.</p>
<p><b>ESG highlights</b></p> <p>According to Refinitiv, SIE scored an overall ESG score of B in FY20, which is in line with its Singapore aviation services peer SATS (FY20: B).</p> <p>SIE has improved its environmental score to B- since FY18 (FY18: C-), which we believe was attributed to the installation of solar photovoltaic systems on the roofs of its buildings and hangars. This was able to reduce SIE's electricity consumption from non-renewable sources by 20%. SIE has also set a long-term target to achieve more than 24.48% reduction in FY13/14 carbon emissions intensity level by 2030.</p> <p>However, SIE scored lower on governance in FY20 at B- (FY19: B+). We believe that this was due to lower board meeting attendance by directors as well as higher senior executive compensation to revenue ratio.</p>	<p><b>Implications</b></p> <p>We like that SIE has made efforts to improve its environmental performance, showing its commitment to contributing to environmental sustainability. The group also fares satisfactorily with regards to corporate governance, with little controversy in recent years. We have not factored this into our fundamental valuations yet.</p>
<p><b>Trends</b></p> <p>SIE has steadily improved its social score from D+ in FY17 to B in FY20.</p> <p>In FY18, SIE introduced various initiatives to promote safe workplace behaviour. These initiatives include introduction of an aircraft towing simulator offering risk-free virtual training to staff, automated guided vehicles (AGVs) with enhanced safety features and development of a computer-based workplace safety training module.</p> <p>In FY19, SIE introduced a flexible work arrangement scheme for non-shift employees, allowing greater flexibility in their working hours. A Sports &amp; Recreation Committee was also founded to promote social and recreational activities for SIE employees.</p>	<p><b>Implications</b></p> <p>SIE is showing a clear commitment to improving safety and staff welfare, as shown from its efforts in recent years. We have not factored this into our fundamental valuations yet.</p>

SOURCES: CGS-CIMB RESEARCH, REFINITIV

## BY THE NUMBERS



### Profit & Loss

(\$m)	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
<b>Total Net Revenues</b>	<b>994.1</b>	<b>443.0</b>	<b>556.3</b>	<b>837.9</b>	<b>955.4</b>
<b>Gross Profit</b>	<b>865.6</b>	<b>382.5</b>	<b>474.6</b>	<b>716.4</b>	<b>816.9</b>
<b>Operating EBITDA</b>	<b>143.8</b>	<b>46.2</b>	<b>52.2</b>	<b>76.3</b>	<b>89.0</b>
Depreciation And Amortisation	(76.2)	(71.2)	(67.4)	(74.6)	(79.8)
<b>Operating EBIT</b>	<b>67.7</b>	<b>(25.0)</b>	<b>(15.2)</b>	<b>1.6</b>	<b>9.2</b>
Financial Income/(Expense)	6.6	1.0	(0.1)	(0.1)	(0.1)
Pretax Income/(Loss) from Assoc.	127.9	39.9	81.8	73.6	81.0
Non-Operating Income/(Expense)	2.3	(51.5)	0.0	0.0	0.0
<b>Profit Before Tax (pre-EI)</b>	<b>204.5</b>	<b>(35.6)</b>	<b>66.4</b>	<b>75.1</b>	<b>90.1</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>204.5</b>	<b>(35.6)</b>	<b>66.4</b>	<b>75.1</b>	<b>90.1</b>
Taxation	(14.0)	16.0	7.3	(7.5)	(9.3)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>190.5</b>	<b>(19.6)</b>	<b>73.8</b>	<b>67.6</b>	<b>80.8</b>
Minority Interests	3.3	8.3	(1.0)	(1.4)	(1.6)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>193.8</b>	<b>(11.2)</b>	<b>72.8</b>	<b>66.3</b>	<b>79.2</b>
Recurring Net Profit	193.8	(11.2)	72.8	66.3	79.2
<b>Fully Diluted Recurring Net Profit</b>	<b>193.8</b>	<b>(11.2)</b>	<b>72.8</b>	<b>66.3</b>	<b>79.2</b>

### Cash Flow

(\$m)	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
<b>EBITDA</b>	<b>143.8</b>	<b>46.2</b>	<b>52.2</b>	<b>76.3</b>	<b>89.0</b>
Cash Flow from Inv. & Assoc.	(127.9)	(39.9)	(81.8)	(73.6)	(81.0)
Change In Working Capital	(51.1)	125.6	(46.1)	(72.8)	(18.7)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	137.2	43.5	81.9	73.7	81.1
Net Interest (Paid)/Received	7.1	2.9	(0.1)	(0.1)	(0.1)
Tax Paid	(18.1)	(12.7)	7.3	(7.5)	(9.3)
<b>Cashflow From Operations</b>	<b>91.0</b>	<b>165.8</b>	<b>13.4</b>	<b>(4.0)</b>	<b>61.0</b>
Capex	(36.8)	(15.2)	(30.0)	(30.0)	(30.0)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	99.2	38.0	84.3	76.1	83.5
<b>Cash Flow From Investing</b>	<b>62.4</b>	<b>22.8</b>	<b>54.3</b>	<b>46.1</b>	<b>53.5</b>
Debt Raised/(repaid)	(6.8)	(2.5)	0.0	0.0	0.0
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(123.2)	(56.1)	0.0	(22.4)	(112.1)
Preferred Dividends					
Other Financing Cashflow	(29.4)	(31.2)	(2.6)	(2.6)	(2.6)
<b>Cash Flow From Financing</b>	<b>(159.4)</b>	<b>(89.8)</b>	<b>(2.6)</b>	<b>(25.0)</b>	<b>(114.7)</b>
Total Cash Generated	(6.0)	98.9	65.1	17.0	(0.2)
<b>Free Cashflow To Equity</b>	<b>146.6</b>	<b>186.1</b>	<b>67.7</b>	<b>42.1</b>	<b>114.5</b>
<b>Free Cashflow To Firm</b>	<b>157.2</b>	<b>191.5</b>	<b>70.3</b>	<b>44.7</b>	<b>117.1</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## BY THE NUMBERS... cont'd

### Balance Sheet

(S\$m)	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Total Cash And Equivalents	520	616	681	698	698
Total Debtors	60	35	67	101	115
Inventories	39	35	22	33	38
Total Other Current Assets	379	240	250	306	330
<b>Total Current Assets</b>	<b>998</b>	<b>926</b>	<b>1,020</b>	<b>1,138</b>	<b>1,180</b>
Fixed Assets	231	170	136	95	48
Total Investments	457	432	432	432	432
Intangible Assets	52	32	28	25	21
Total Other Non-Current Assets	267	250	250	250	250
<b>Total Non-current Assets</b>	<b>1,007</b>	<b>884</b>	<b>846</b>	<b>802</b>	<b>752</b>
Short-term Debt	6	7	7	7	7
Current Portion of Long-Term Debt					
Total Creditors	177	157	139	168	191
Other Current Liabilities	57	45	45	45	45
<b>Total Current Liabilities</b>	<b>241</b>	<b>209</b>	<b>192</b>	<b>220</b>	<b>244</b>
Total Long-term Debt	7	3	3	3	3
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	96	54	54	54	54
<b>Total Non-current Liabilities</b>	<b>104</b>	<b>56</b>	<b>56</b>	<b>56</b>	<b>56</b>
Total Provisions	0	0	0	0	0
<b>Total Liabilities</b>	<b>345</b>	<b>265</b>	<b>248</b>	<b>276</b>	<b>300</b>
Shareholders' Equity	1,629	1,534	1,606	1,650	1,617
Minority Interests	32	11	12	13	15
<b>Total Equity</b>	<b>1,661</b>	<b>1,544</b>	<b>1,618</b>	<b>1,663</b>	<b>1,632</b>

### Key Ratios

	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Revenue Growth	(2.6%)	(55.4%)	25.6%	50.6%	14.0%
Operating EBITDA Growth	30.5%	(67.8%)	12.8%	46.2%	16.8%
Operating EBITDA Margin	14.5%	10.4%	9.4%	9.1%	9.3%
Net Cash Per Share (S\$)	0.45	0.54	0.60	0.61	0.61
BVPS (S\$)	1.45	1.37	1.43	1.47	1.44
Gross Interest Cover	17.82	(8.54)	(5.85)	0.63	3.54
Effective Tax Rate	6.8%	0.0%	0.0%	10.0%	10.3%
Net Dividend Payout Ratio	46%	NA	31%	169%	142%
Accounts Receivables Days	26.06	39.20	33.32	36.44	41.22
Inventory Days	106.8	225.0	127.6	83.0	93.9
Accounts Payables Days	518	1,008	660	461	474
ROIC (%)	9.26%	(1.73%)	(3.02%)	0.26%	1.38%
ROCE (%)	4.79%	(1.30%)	(0.80%)	0.25%	0.71%
Return On Average Assets	9.58%	(1.05%)	4.02%	3.56%	4.18%

### Key Drivers

	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Airframe overhaul and line maintenance yoy (%)	-1.3%	-57.2%	25.5%	55.0%	15.0%
Fleet management yoy (%)	-11.8%	-41.6%	5.0%	10.0%	5.0%
Engine and component yoy (%)	-10.5%	-44.3%	100.0%	55.0%	10.0%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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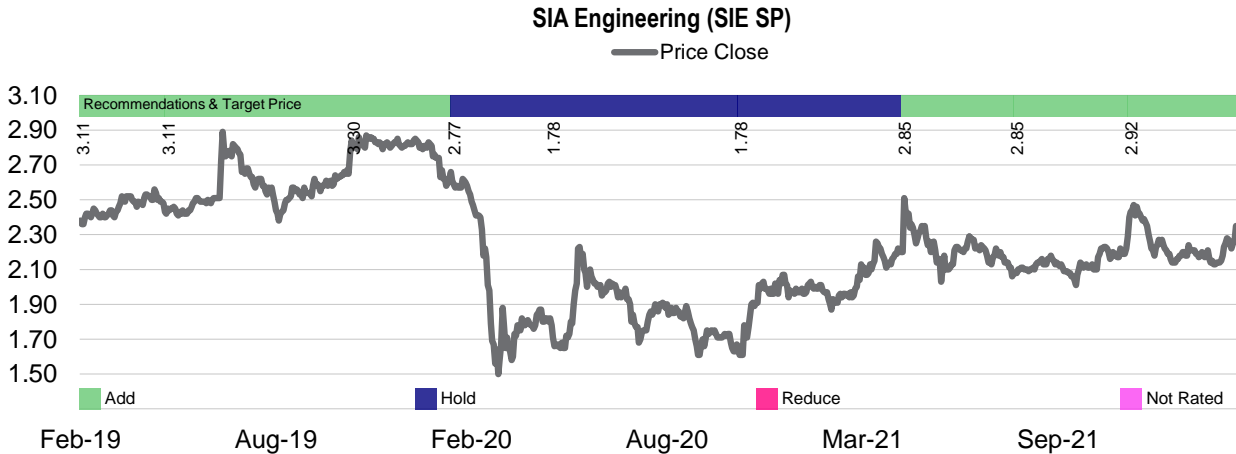
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Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2021		
619 companies under coverage for quarter ended on 31 December 2021		
	Rating Distribution (%)	Investment Banking clients (%)
Add	71.1%	1.5%
Hold	21.8%	0.0%
Reduce	7.1%	0.0%

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 2021, Anti-Corruption 2021**

**ADVANC** – Excellent, Certified, **AMATA** – Excellent, Certified, **ANAN** – Excellent, n/a, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Excellent, n/a, **AWC** – Excellent, Declared, **AU** – Good, n/a, **BAM** – Very Good, Certified, **BAY** – Excellent, Certified, **BBL** – Excellent, Certified, **BCH** – Very Good, Certified, **BCP** - Excellent, Certified, **BCPG** – Excellent, Certified, **BDMS** – Excellent, n/a, **BEAUTY** – Good, n/a, **BEM** – Excellent, n/a **BH** - Good, n/a, **BJC** – Very Good, n/a, **BLA** – Very Good, Certified, **BTS** - Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – n/a, n/a, **CENTEL** – Excellent, Certified, **CHAYO** – Very Good, n/a, **CHG** – Very Good, n/a, **CK** – Excellent, n/a, **COM7** – Excellent, Certified, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** - Excellent, Certified, **CPNREIT** – n/a, n/a, **CRC** – Excellent, Declared, **DELTA** - Excellent, Certified, **DDD** – Excellent, n/a, **DIF** – n/a, n/a, **DOHOME** – Very Good, Declared, **DREIT** – n/a, n/a, **DTAC** – Excellent, Certified, **ECL** – Excellent, Certified, **EGCO** – Excellent, Certified, **EPG** – Excellent, Certified, **ERW** – Very Good, Certified, **GFPT** - Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Excellent, n/a, **HANA** - Excellent, Certified, **HMPRO** - Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Certified, **III** – Excellent, Declared, **INTUCH** - Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** - Excellent, Certified, **JASIF** – n/a, n/a, **JKN** – n/a, Certified, **JMT** – Very Good, n/a, **KBANK** - Excellent, Certified, **KCE** - Excellent, Certified, **KEX** – Very Good, Declared, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** - Excellent, Certified, **KTC** – Excellent, Certified, **LH** - Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MAKRO** – Excellent, Certified, **MC** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** - Excellent, Certified, **MTC** – Excellent, Certified, **NETBAY** – Very Good, n/a, **NRF** – Very Good, Declared, **OR** – Excellent, n/a, **ORI** – Excellent, Certified, **OSP** – Excellent, n/a, **PLANB** – Excellent, Certified, **PRINC** – Very Good, Certified, **PR9** – Excellent, Declared, **PSH** – Excellent, Certified, **PTT** - Excellent, Certified, **PTTEP** - Excellent, n/a, **PTTGC** - Excellent, Certified, **QH** – Excellent, Certified, **RAM** – n/a, n/a, **RBF** – Very Good, n/a, **RS** – Excellent, Declared, **RSP** – Good, n/a, **S** – Excellent, n/a, **SAK** – Very Good, Declared, **SAPPE** – Very Good, Certified, **SAWAD** – Very Good, n/a, **SCB** - Excellent, Certified, **SCC** – Excellent, Certified, **SCGP** – Excellent, Declared, **SECURE** – n/a, n/a, **SHR** – Excellent, n/a, **SIRI** – Excellent, Certified, **SPA** – Very Good, n/a, **SPALI** - Excellent, Certified, **SPRC** – Excellent, Certified, **SSP** - Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Very Good, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIDLOR** – n/a, Certified, **TISCO** - Excellent, Certified, **TKN** – Very Good, n/a, **TOP** - Excellent, Certified, **TRUE** – Excellent, Certified, **TTB** - Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Certified, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – n/a, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

- CG Score 2021 from Thai Institute of Directors Association (IOD)

- Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of August 5, 2021) are categorised into: companies that have declared their intention to join CAC, and companies certified by CAC.

Recommendation Framework	
<b>Stock Ratings</b>	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.
<i>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.</i>	
<b>Sector Ratings</b>	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.
<b>Country Ratings</b>	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.

