

## Singapore

**ADD** (no change)

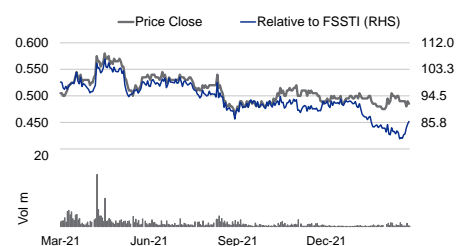
Consensus ratings\*: Buy 4 Hold 0 Sell 0

Current price:	S\$0.48
Target price:	S\$0.57
Previous target:	S\$0.61
Up/downside:	17.5%
CGS-CIMB / Consensus:	-5.0%
Reuters:	CSES.SI
Bloomberg:	CSE SP
Market cap:	US\$183.1m
	S\$248.5m
Average daily turnover:	US\$0.10m
	S\$0.13m
Current shares o/s:	510.1m
Free float:	71.4%

\*Source: Bloomberg

**Key changes in this note**

- FY22-23F EPS lowered by 11-23%.
- FY24F forecasts introduced.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	1	-1	-3
Relative (%)	1.1	-3.4	-12.9

Major shareholders	% held
Temasek Holdings	25.0
FMR LLC	10.0
Lim Boon Kheng	2.6

**Analyst(s)**

**Kenneth TAN**

 T (65) 6210 8678  
 E kenneth.tan@cgs-cimb.com

**LIM Siew Khee**

 T (65) 6210 8664  
 E siewkhee.lim@cgs-cimb.com

# CSE Global

## Elevated opex still an overhang

- 2H21 net profit of S\$4.9m (-62% yoy) was below our expectations on lower energy margins. FY21 net profit at 72%/73% of our/consensus' forecasts.
- Order wins rebounded to S\$131m in 4Q21, driven by energy wins. Positively, CSE has already won two large contracts in Feb 2022 worth S\$78m.
- Higher opex and tight supply chains expected to persist in 1H22F. Reiterate Add at a lower TP of S\$0.57, pegged to 12x FY23F P/E (10-year average).

### 2H21 missed expectations on lower energy margins

2H21 net profit of S\$4.9m (-51% hoh, -62% yoy) was below our expectations on lower energy margins. 2H21 energy EBIT deteriorated to a S\$1m loss (vs. 2H20: S\$9m profit), attributed to 1) higher unabsorbed labour costs, 2) execution of lower-margin projects, and 3) increased depreciation expenses. This brings FY21 net profit to S\$15m (-46% yoy), below expectations and forming just 72%/73% of our/consensus' forecasts. FY21 infrastructure revenue rose to a record high of S\$144m (+34% yoy), supported by a steady pipeline of digitalisation and security projects. The group proposed a final DPS of 1.5 Scts, bringing FY21 DPS to 2.75 Scts (5.7% dividend yield).

### 4Q21 order wins rebounded; further S\$78m won in Feb 2022

Order wins rose to S\$131m in 4Q21 (+9% qoq, +33% yoy), the highest level observed since S\$230m in 4Q19, largely driven by stronger energy order wins of S\$86m (+16% qoq, +36% yoy) from 1) more time and material jobs, and 2) new power and electrification projects. This brings FY21 order wins to S\$462m (+7% yoy), with energy and infrastructure order wins growing 5% yoy and 24% yoy respectively. The group's FY21 order book stood at S\$229m (vs. end FY20: S\$236m), with c.70% expected to be recognised in FY22F. As announced on 28 Feb 22, the group won two major contracts (1 energy, 1 infrastructure) worth a total of S\$78m, to be executed across FY22-24F.

### Outlook still challenging in 1H22F; infra wins could surprise

Management expects higher opex and tight supply chains to persist in 1H22F. Less greenfield energy projects are expected as customers stay cautious on O&G capex spend. However, we think the recent infrastructure contract win (first major data-centre project won) could pave the way for more order wins in this field. Overall, the group expects to achieve a better financial performance in FY22F. We keep our FY22F order wins estimate at S\$495m but lower our FY22-23F EPS by 11-23% to reflect higher opex.

### Reiterate Add at lower TP of S\$0.57; decent 5.7% dividend yield

While near-term margins could be under pressure, we still like CSE for its diversification into higher-margin infrastructure projects and decent 5.7% dividend yield. We introduce our FY24F forecasts and lower our TP to S\$0.57, based on 12x FY23F P/E (10-year average). CSE currently trades at 10x FY23F P/E, which is approximately -0.7s.d. from 10-year historical mean. Re-rating catalysts include higher-than-expected order wins. Downside risks are rising costs and slower recovery in the energy segment.

**Financial Summary**

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue (S\$m)	502.8	468.7	484.8	500.4	511.7
Operating EBITDA (S\$m)	55.92	40.62	43.23	49.57	54.17
Net Profit (S\$m)	26.39	15.00	20.08	24.64	27.94
Core EPS (S\$)	0.052	0.029	0.039	0.048	0.054
Core EPS Growth	5.9%	(43.4%)	32.9%	22.7%	13.4%
FD Core P/E (x)	9.36	16.52	12.41	10.16	8.96
DPS (S\$)	0.028	0.028	0.028	0.028	0.028
Dividend Yield	5.67%	5.67%	5.67%	5.67%	5.67%
EV/EBITDA (x)	5.11	7.31	6.58	5.49	4.72
P/FCFE (x)	12.97	14.45	10.50	11.75	9.79
Net Gearing	20.3%	25.5%	17.3%	10.7%	2.6%
P/BV (x)	1.29	1.29	1.26	1.20	1.13
ROE	14.3%	7.8%	10.3%	12.1%	13.0%
% Change In Core EPS Estimates			(23.3%)	(11.2%)	
CGS-CIMB/Consensus EPS (x)			0.75	0.85	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 1: Results comparison table**

FYE Dec (S\$ m)	2H21	2H20	yoy chg (%)	1H21	hoh chg (%)	FY21	FY20	yoy chg (%)	Prev FY21F	Comments
Revenue	234.2	247.2	(5.3)	234.5	(0.1)	468.7	502.8	(6.8)	477.3	In line, FY21 formed 98% of our full-year forecast
Cost of sales	(168.3)	(178.5)	(5.7)	(164.4)	2.4	(332.8)	(356.6)	(6.7)	(338.0)	
Gross profit	65.9	68.8	(4.2)	70.0	(5.9)	135.9	146.2	(7.1)	139.4	
GPM (%)	28.1%	27.8%		29.9%		29.0%	29.1%		29.2%	
Operating expenses	(58.1)	(47.9)	21.4	(57.6)	0.9	(115.7)	(109.4)	5.8	(110.7)	
<b>EBIT</b>	<b>7.8</b>	<b>20.9</b>	<b>(62.9)</b>	<b>12.4</b>	<b>(37.4)</b>	<b>20.1</b>	<b>36.8</b>	<b>(45.3)</b>	<b>28.6</b>	<b>Below, lower energy margins due to higher unabsorbed labour costs, lower-margin project mix, and higher depreciation expenses</b>
Interest expense	(2.0)	(2.2)	(7.2)	(1.1)	80.5	(3.2)	(3.8)	(16.1)	(2.4)	
<b>Pretax profit</b>	<b>6.8</b>	<b>17.7</b>	<b>(61.5)</b>	<b>12.8</b>	<b>(46.7)</b>	<b>19.6</b>	<b>35.8</b>	<b>(45.2)</b>	<b>26.4</b>	<b>Below</b>
Tax	(1.9)	(4.8)	(61.2)	(2.7)	(31.5)	(4.6)	(7.8)	(41.5)	(5.4)	
Tax rate (%)	27%	27.1%	0.7	21.2%	28.6	23.3%	21.8%	6.8	20.5%	
<b>Net profit</b>	<b>4.9</b>	<b>12.9</b>	<b>(61.8)</b>	<b>10.1</b>	<b>(51.0)</b>	<b>15.0</b>	<b>28.0</b>	<b>(46.4)</b>	<b>21.0</b>	<b>Below, FY21 formed 72% of our full-year forecast</b>
Basic EPS (Scts)	1.0	2.5	(62.0)	2.0	(51.3)	2.9	5.5	(46.6)	4.1	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 2: Industry breakdown**

FYE Dec (S\$ m)	2H21	2H20	yoy chg (%)	1H21	hoh chg (%)
<b>Revenue</b>					
Energy	137.0	162.2	(15.5)	140.3	(2.4)
Infrastructure	73.3	56.8	29.0	70.3	4.3
Mining & Minerals	23.9	28.3	(15.5)	23.9	0.0
<b>Total</b>	<b>234.2</b>	<b>247.2</b>	<b>(5.3)</b>	<b>234.5</b>	<b>(0.1)</b>
<b>EBIT</b>					
Energy	(1.0)	8.7	(111.5)	4.1	(124.4)
Infrastructure	7.6	8.8	(13.6)	8.4	(9.5)
Mining & Minerals	2.0	2.3	(13.0)	1.3	53.8
<b>Total</b>	<b>8.5</b>	<b>19.8</b>	<b>(57.2)</b>	<b>13.8</b>	<b>(38.8)</b>
<b>EBIT Margin (%)</b>					
Energy	-0.7%	5.4%		2.9%	
Infrastructure	10.4%	15.5%		11.9%	
Mining & Minerals	8.4%	8.1%		5.4%	
<b>Group</b>	<b>3.6%</b>	<b>8.0%</b>		<b>5.9%</b>	

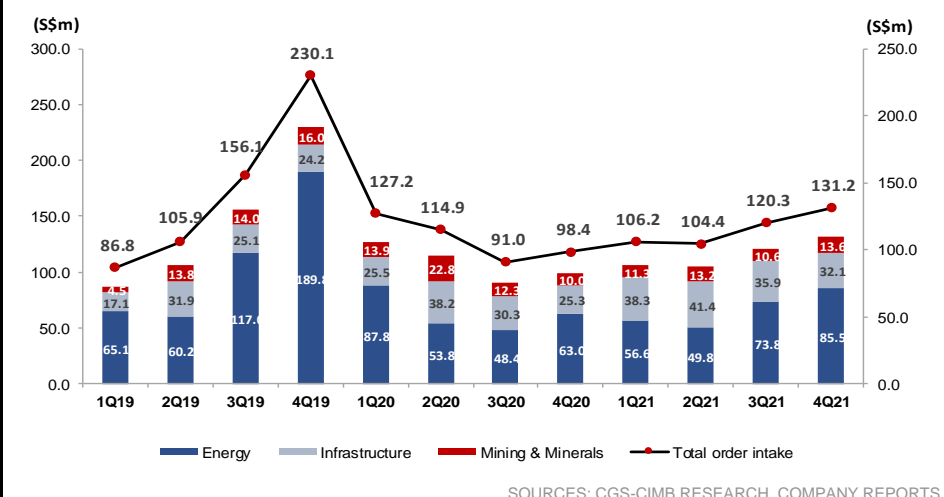
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 3: Geographical breakdown**

FYE Dec (S\$ m)	2H21	2H20	yoy chg (%)	1H21	hoh chg (%)
<b>Revenue</b>					
Asia Pacific	93.2	87.4	6.6	91.1	2.3
Americas	134.8	156.5	(13.9)	137.4	(1.9)
EMEA	6.2	3.3	88.4	5.9	5.2
<b>Total</b>	<b>234.2</b>	<b>247.2</b>	<b>(5.3)</b>	<b>234.5</b>	<b>(0.1)</b>
<b>EBIT</b>					
Asia Pacific	10.2	13.0	(21.2)	10.2	(0.4)
Americas	(2.0)	6.3	n.m.	3.1	n.m.
EMEA	0.3	0.5	(44.7)	0.5	(42.6)
<b>Total</b>	<b>8.5</b>	<b>19.8</b>	<b>(57.2)</b>	<b>13.8</b>	<b>(38.8)</b>
<b>EBIT Margin (%)</b>					
Asia Pacific	10.9%	14.8%		11.2%	
Americas	-1.5%	4.0%		2.3%	
EMEA	4.4%	14.9%		8.0%	
<b>Group</b>	<b>3.6%</b>	<b>8.0%</b>		<b>5.9%</b>	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 4: 4Q21 order wins of S\$131m; the highest quarterly order win since 4Q19**



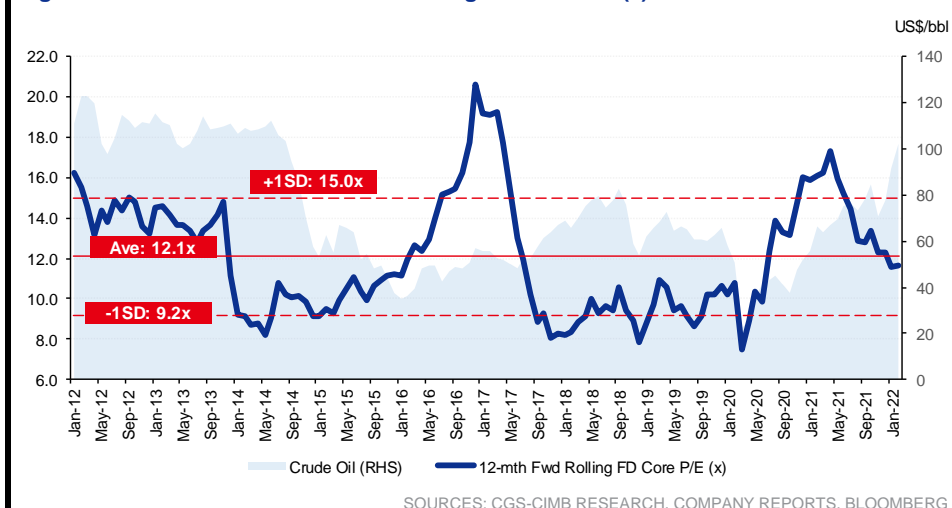
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 5: Earnings revision table



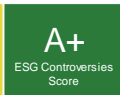



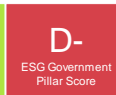
(S\$m)	Old			New			% change		
	FY22F	FY23F	FY24F	FY22F	FY23F	FY24F	FY22F	FY23F	FY24F
Revenue	485.8	499.6	511.7	484.8	500.4	511.7	-0.2%	0.2%	0.0%
Operating expenses	(449.4)	(461.5)	(472.9)	(456.2)	(465.9)	(472.9)	1.5%	1.0%	0.0%
Operating profit	36.4	38.1	38.7	28.6	34.5	38.7	-21.3%	-9.4%	0.0%
Net profit	26.2	27.7	27.9	20.1	24.6	27.9	-23.3%	-11.2%	0.0%
Core net profit	26.2	27.7	27.9	20.1	24.6	27.9	-23.3%	-11.2%	0.0%
Basic EPS (Scts)	5.1	5.4	5.4	3.9	4.8	5.4	-23.3%	-11.2%	0.0%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 6: CSE Global's 12-mth Fwd Rolling FD Core P/E (x)

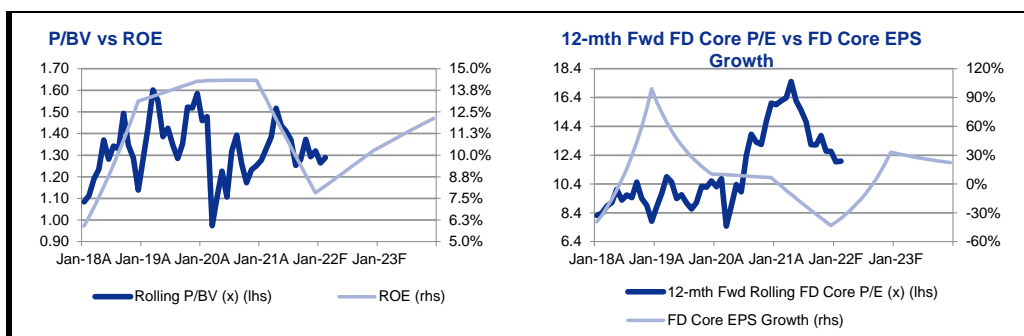


SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, BLOOMBERG

Refinitiv ESG Scores	
	     
<p><b>ESG in a nutshell</b></p> <p>We think there is room for CSE to improve its corporate governance policies. Since 2015, the group has maintained a C- score for Refinitiv's ESG score, marginally improving to C in 2019. Its current score of C is split into E: C+ (weightage 13.9%), S: C+ (weightage C+), G: D+ (weightage 46.3%). As the group has highlighted certain ESG goals to be achieved by 2030, we will remain watchful of its progress and adjust our valuations accordingly.</p>	
<p><b>Keep your eye on</b></p> <p>As a solutions provider, transparency of information could be limited at times for the group's order book. Order book amounts disclosed include segmental breakdowns, but further details (e.g. specific project breakdowns) are usually not disclosed.</p>	<p><b>Implications</b></p> <p>Greater transparency on orders could improve investor sentiment and allow more informed decision-making. This would also contribute further towards the group's corporate governance ratings.</p>
<p><b>ESG highlights</b></p> <p>According to Refinitiv, CSE had an overall ESG score of C in 2019 (vs. C- in 2018). The group scored a C+ in environmental by Refinitiv in 2019, which we believe was due to its continued high levels of Greenhouse Gas Emission (GHG). CSE targets to improve its GHG emission efficiency by 10% during 2018-30 (0.8% improvement per year).</p> <p>In contrast, CSE scored D+ for Governance by Refinitiv in 2019. We think that this could be due to a variety of factors including high executive compensation-to-revenue ratio, the lack of majority requirement by shareholders for director election, and low participation in Sustainable Development Goals (SDGs).</p>	<p><b>Implications</b></p> <p>Despite the relatively lower scores in governance, we like that the group has scored A+ in ESG Controversies by Refinitiv in 2019. We think that CSE will continue improving its governance and ramp-up its CSR initiatives, in line with heightened investor scrutiny in these aspects. We have not factored these into our fundamental valuations yet.</p>
<p><b>Trends</b></p> <p>CSE has maintained its environmental/social score by Refinitiv in 2019 at C+/C+ (same as C+/C+ in 2018). Regarding governance, the group marginally improved its score to D+ in 2019 (vs. D in 2018), which we think was due to increased board independence, as well as higher proportion of board members having relevant skill sets.</p>	<p><b>Implications</b></p> <p>We have not applied any premium/discount of ESG in our fundamental valuations. That said, we remain watchful of any changes in the group's governance policies which could affect investor sentiment.</p>

SOURCES: CGS-CIMB RESEARCH, REFINITIV

## BY THE NUMBERS



### Profit & Loss

(\$m)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
<b>Total Net Revenues</b>	<b>502.8</b>	<b>468.7</b>	<b>484.8</b>	<b>500.4</b>	<b>511.7</b>
<b>Gross Profit</b>	<b>146.2</b>	<b>135.9</b>	<b>144.0</b>	<b>146.1</b>	<b>150.3</b>
<b>Operating EBITDA</b>	<b>55.9</b>	<b>40.6</b>	<b>43.2</b>	<b>49.6</b>	<b>54.2</b>
Depreciation And Amortisation	(19.1)	(20.5)	(14.6)	(15.1)	(15.4)
<b>Operating EBIT</b>	<b>36.8</b>	<b>20.1</b>	<b>28.6</b>	<b>34.5</b>	<b>38.7</b>
Financial Income/(Expense)	(3.5)	(2.6)	(2.7)	(2.7)	(2.7)
Pretax Income/(Loss) from Assoc.	0.1	0.0	0.0	0.0	0.0
Non-Operating Income/(Expense)	2.4	2.1	0.0	0.0	0.0
<b>Profit Before Tax (pre-EI)</b>	<b>35.8</b>	<b>19.6</b>	<b>25.9</b>	<b>31.8</b>	<b>36.0</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>35.8</b>	<b>19.6</b>	<b>25.9</b>	<b>31.8</b>	<b>36.0</b>
Taxation	(7.8)	(4.6)	(5.8)	(7.2)	(8.1)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>28.0</b>	<b>15.1</b>	<b>20.1</b>	<b>24.6</b>	<b>27.9</b>
Minority Interests	0.0	(0.0)	0.0	0.0	0.0
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax	(1.6)				
<b>Net Profit</b>	<b>26.4</b>	<b>15.0</b>	<b>20.1</b>	<b>24.6</b>	<b>27.9</b>
Recurring Net Profit	26.4	15.0	20.1	24.6	27.9
<b>Fully Diluted Recurring Net Profit</b>	<b>26.4</b>	<b>15.0</b>	<b>20.1</b>	<b>24.6</b>	<b>27.9</b>

### Cash Flow

(\$m)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
<b>EBITDA</b>	<b>55.92</b>	<b>40.62</b>	<b>43.23</b>	<b>49.57</b>	<b>54.17</b>
Cash Flow from Inv. & Assoc.	(0.12)	(0.02)	0.00	0.00	0.00
Change In Working Capital	(10.84)	(6.60)	4.06	(3.41)	(2.80)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	3.50	2.28	0.50	0.50	0.50
Net Interest (Paid)/Received	(1.78)	(2.01)	(3.20)	(3.20)	(3.20)
Tax Paid	(6.59)	(4.90)	(5.83)	(7.15)	(8.11)
<b>Cashflow From Operations</b>	<b>40.11</b>	<b>29.38</b>	<b>38.76</b>	<b>36.30</b>	<b>40.55</b>
Capex	(9.56)	(9.83)	(10.00)	(10.00)	(10.00)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments	(4.19)	(8.07)	0.00	0.00	0.00
Other Investing Cashflow	4.10	2.40	0.00	0.00	0.00
<b>Cash Flow From Investing</b>	<b>(9.65)</b>	<b>(15.50)</b>	<b>(10.00)</b>	<b>(10.00)</b>	<b>(10.00)</b>
Debt Raised/(repaid)	(11.43)	3.28	(5.00)	(5.00)	(5.00)
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(14.06)	(14.09)	(14.19)	(14.19)	(14.19)
Preferred Dividends					
Other Financing Cashflow	(6.64)	(7.15)	0.00	0.00	0.00
<b>Cash Flow From Financing</b>	<b>(32.12)</b>	<b>(17.97)</b>	<b>(19.19)</b>	<b>(19.19)</b>	<b>(19.19)</b>
Total Cash Generated	(1.66)	(4.08)	9.57	7.11	11.36
<b>Free Cashflow To Equity</b>	<b>19.03</b>	<b>17.16</b>	<b>23.76</b>	<b>21.30</b>	<b>25.55</b>
<b>Free Cashflow To Firm</b>	<b>32.56</b>	<b>16.13</b>	<b>31.96</b>	<b>29.50</b>	<b>33.75</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## BY THE NUMBERS... cont'd

### Balance Sheet

(S\$m)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Total Cash And Equivalents	52.5	46.5	56.1	63.2	74.6
Total Debtors	108.9	96.9	112.9	116.5	119.2
Inventories	26.1	29.3	20.7	21.5	22.0
Total Other Current Assets	67.1	77.6	70.4	72.5	74.0
<b>Total Current Assets</b>	<b>254.6</b>	<b>250.3</b>	<b>260.1</b>	<b>273.8</b>	<b>289.7</b>
Fixed Assets	61.6	62.0	57.4	52.3	46.9
Total Investments	1.5	1.5	1.5	1.5	1.5
Intangible Assets	57.5	58.5	58.5	58.5	58.5
Total Other Non-Current Assets	26.7	25.2	25.2	25.2	25.2
<b>Total Non-current Assets</b>	<b>147.3</b>	<b>147.2</b>	<b>142.6</b>	<b>137.6</b>	<b>132.1</b>
Short-term Debt	65.0	47.9	45.4	42.9	40.4
Current Portion of Long-Term Debt					
Total Creditors	68.1	59.1	64.4	67.0	68.3
Other Current Liabilities	28.0	29.2	28.2	28.8	29.2
<b>Total Current Liabilities</b>	<b>161.1</b>	<b>136.2</b>	<b>138.0</b>	<b>138.7</b>	<b>137.9</b>
Total Long-term Debt	26.5	47.5	45.0	42.5	40.0
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	22.6	21.8	21.8	21.8	21.8
<b>Total Non-current Liabilities</b>	<b>49.1</b>	<b>69.3</b>	<b>66.8</b>	<b>64.3</b>	<b>61.8</b>
Total Provisions	0.0	0.0	0.0	0.0	0.0
<b>Total Liabilities</b>	<b>210.2</b>	<b>205.5</b>	<b>204.8</b>	<b>203.0</b>	<b>199.7</b>
Shareholders' Equity	191.8	192.0	197.9	208.4	222.1
Minority Interests	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)
<b>Total Equity</b>	<b>191.6</b>	<b>192.0</b>	<b>197.9</b>	<b>208.3</b>	<b>222.1</b>

### Key Ratios

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue Growth	11.3%	(6.8%)	3.5%	3.2%	2.2%
Operating EBITDA Growth	27.9%	(27.4%)	6.4%	14.7%	9.3%
Operating EBITDA Margin	11.1%	8.7%	8.9%	9.9%	10.6%
Net Cash Per Share (S\$)	(0.076)	(0.095)	(0.066)	(0.043)	(0.011)
BVPS (S\$)	0.38	0.37	0.38	0.40	0.43
Gross Interest Cover	9.75	6.36	8.94	10.78	12.11
Effective Tax Rate	21.8%	23.3%	22.5%	22.5%	22.5%
Net Dividend Payout Ratio	53.2%	93.9%	70.7%	57.6%	50.8%
Accounts Receivables Days	86.20	80.12	78.96	83.67	84.30
Inventory Days	24.50	30.35	26.77	21.77	22.04
Accounts Payables Days	71.63	69.75	66.14	67.67	68.50
ROIC (%)	12.4%	6.1%	8.5%	10.6%	12.0%
ROCE (%)	13.2%	7.2%	10.1%	12.0%	13.2%
Return On Average Assets	7.29%	4.27%	5.54%	6.57%	7.21%

### Key Drivers

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Outstanding order book	236.0	229.4	239.6	249.1	257.5
Order book wins	431.5	462.1	495.0	510.0	520.0

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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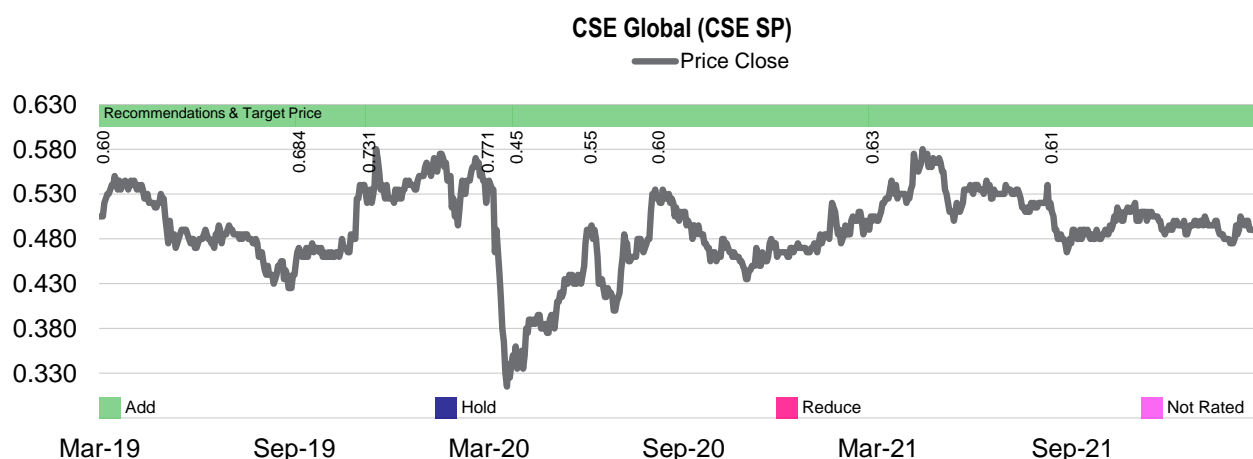
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Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2021		
619 companies under coverage for quarter ended on 31 December 2021		
	Rating Distribution (%)	Investment Banking clients (%)
Add	71.1%	1.5%
Hold	21.8%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

##### 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.

