

Hong Kong

**ADD** (no change)

Consensus ratings\*: Buy 20 Hold 8 Sell 1

Current price:	HK\$7.50
Target price:	HK\$11.50
Previous target:	HK\$13.78
Up/downside:	53.3%
CGS-CIMB / Consensus:	19.6%
Reuters:	0992.HK
Bloomberg:	992 HK
Market cap:	US\$11,505m
	HK\$90,313m
Average daily turnover:	US\$49.13m
	HK\$384.9m
Current shares o/s:	12,042m
Free float:	62.7%

\*Source: Bloomberg

**Key changes in this note**

- FY23F/24F revenue decreased by 4.6%/4.1%.
- FY23F/24F EPS decreased by 2.4%/2.3%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	4.2	-14.3	-23.3
Relative (%)	0.4	-5.2	5.6

Major shareholders	% held
Legend Holdings Ltd	29.1
Yang YuanQing	8.2
Blackrock, Inc.	6.9

**Analyst**



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# Lenovo Group

## Solutions-based business to support FY23F

- 4Q22 net profit rose 58% yoy on stable PC margin and profitable ISG despite Omicron challenges. FY22 net profit was 3% above our full-year forecast.
- We expect FY23F revenue to stay flat due to weaker PC shipments but supported by fast-growing SSG and improving profitability in ISG.
- Reiterate Add. Our target price is lowered to HK\$11.50 on c.2% EPS cuts in FY23F-24F to reflect lower PC shipment assumptions.

### Remarkable FY22 and 4Q22 results for all business segments

Lenovo Group (Lenovo) reported remarkable 4Q22 and FY22 results. 4Q22 net profit rose 58% yoy to US\$412m, thanks to the momentum in all main business groups while Infrastructure Services Group (ISG) was profitable for two consecutive quarters. 4Q22 revenue was up 7% yoy and GPM stabilised at 17.2%, reflecting stable PC pretax income (PTI) margin and appropriate cost control despite Omicron disruptions. Net profit increased 72% yoy to US\$2.07bn in FY3/22, thanks to strong PC sales and margin and profitable smartphone and ISG businesses. FY22 revenue rose 18% yoy to US\$71.6bn, contributed by PC/smartphone (IDG, +18% yoy), ISG (+13% yoy), and solutions & services (SSG, +30% yoy). FY22 GPM expanded 0.7% pt yoy to 16.8%, thanks to better-than-industry average PC margin.

### 1Q23F net profit likely to see decelerated growth, led by SSG

We believe that Shanghai's lockdown will affect all business segments in 1Q23F (Apr-Jun 2022), due to 1) supply chain and logistics disruptions, 2) low efficiency in PC and server production, and 3) weaker PC sales in China. We expect PC sales to decline over 10% yoy in 1Q23F, mainly dragged down by China market, while ISG revenue growth could be capped by shortage of components. We expect 1Q23F net profit to grow slowly at 5-10% yoy, supported by the fast-growing SSG, thanks to new order wins in the US market.

### FY23F outlook remains solid despite weakened PC shipments

We expect PC sales to remain resilient with flat revenue growth in FY23F (shipment decrease but ASP increase), thanks to robust growth in the premium segment (gaming PC, workstation, light & thin products). We believe that ISG should achieve its second profitable year in FY23F due to strong order flow from major US cloud services providers (CSP) and attributed by the fast-growing high-value segment (storage, software & services and high-performance computer). We expect SSG to maintain over 20% revenue growth in FY23F on stable PC penetration for solutions-based services (support services/managed services/project & solutions services) and this business segment should lead FY23F earnings growth. We cut our FY23-24F EPS forecasts by c.2%, mainly due to lower PC shipment assumptions but partially offset by better profitability in ISG.

### Reiterate Add with a lower target price of HK\$11.50

We reiterate our Add call on Lenovo as we believe its profitability will continue to improve on the fast-growing high-margin SSG business (20%+ revenue CAGR and 20%+ PTI margin). Our TP is lowered to HK\$11.50, now based on 9x FY23F P/E (previously 10.5x), on par with global peers, reflecting the slowdown of the global PC market. Re-rating catalysts: stable PC ASP growth and strong growth in solutions-based services. Downside risks: prolonged Omicron outbreak in China and supply chain constraints.

### Financial Summary

	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
Revenue (US\$m)	60,742	71,618	72,211	76,523	82,105
Net Profit (US\$m)	1,178	2,033	2,065	2,260	2,624
Normalised EPS (US\$)	0.07	0.16	0.17	0.19	0.22
Normalised EPS Growth	29%	139%	6%	9%	16%
FD Normalised P/E (x)	15.48	6.62	6.24	5.71	4.91
Price To Sales (x)	0.19	0.16	0.16	0.15	0.14
DPS (US\$)	0.039	0.049	0.048	0.053	0.061
Dividend Yield	4.13%	5.12%	5.03%	5.50%	6.39%
EV/EBITDA (x)	4.39	2.66	2.07	1.43	0.79
P/FCFE (x)	6.93	5.56	4.23	4.43	4.10
Net Gearing	20.8%	(13.3%)	(44.0%)	(61.2%)	(74.3%)
P/BV (x)	3.23	2.31	1.62	1.30	1.09
ROE	24.0%	44.2%	34.1%	28.3%	27.0%
% Change In Normalised EPS Estimates			(2.44%)	(2.28%)	
Normalised EPS/consensus EPS (x)			1.05	0.73	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

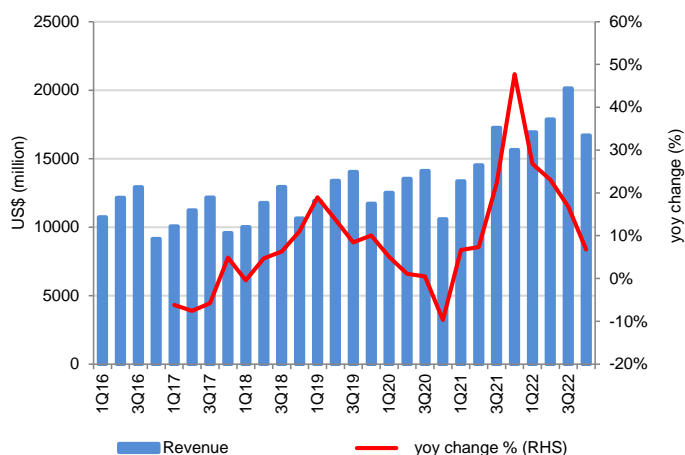
## Solution-based business to support FY23F

**Figure 1: Results comparison**

FYE 31 Mar (US\$ m)	4QFY22	4QFY21	yoy % chg	qoq % chg	4QFY22 Cum	4QFY21 Cum	yoy % chg	Prev. FY22F	Comments
Revenue	16,693	15,630	6.8	(17.1)	71,618	60,742	17.9	72,674	4Q22 revenue grew 7% yoy, driven by PCSD (+18% yoy), ISG (+13% yoy) and solutions & services (+30% yoy).
Operating costs	(15,507)	(14,877)	4.2	(18.3)	(67,555)	(57,970)	16.5	(69,823)	
EBITDA	1,187	753	57.7	3.8	4,063	2,772	46.6	2,852	
EBITDA margin (%)	7.1	4.8			5.7	4.6		3.9	
Depn & amort.	(512)	(343)	49.4	80.5	(1,127)	(960)	17.4	-	4Q22 GPM expanded by 0.7% pt yoy (-0.1% pt qoq) to 16.7%, mainly driven by stable PC margin and better profitability in smartphone and data centre business.
EBIT	674	410	64.5	(21.6)	2,936	1,812	N/M	2,852	
Interest expense	(84)	(100)	(15.9)	(7.3)	(362)	(409)	(11.3)	(400)	
Interest & invt inc	18	10	81.6	25.2	56	35	62.5	38	
Associates' contrib	(3)	(8)	(63.7)	330.5	(7)	(32)	(78.6)	(5)	
Exceptionals	(83)	69	(219.6)	(212.4)	144	368	(60.9)	227	Fair value gain/(loss) on sale of financial assets
<b>Pretax profit</b>	<b>522</b>	<b>380</b>	<b>37.4</b>	<b>(39.0)</b>	<b>2,767</b>	<b>1,774</b>	<b>56.0</b>	<b>2,711</b>	
Tax	(99)	(95)	3.9	(43.1)	(622)	(461)	35.0	(596)	
Tax rate (%)	16.3	30.6		(26.4)	23.7	32.8		24.0	
Minority interests	(9)	(25)	(63.1)	(78.1)	(116)	(135)	N/M	(147)	4Q22 net profit jumped 59% yoy, thanks to strong momentum in all business despite ongoing supply chain constraints and Omicron challenges.
<b>Net profit</b>	<b>414</b>	<b>260</b>	<b>59.2</b>	<b>(35.3)</b>	<b>2,029</b>	<b>1,178</b>	<b>72.2</b>	<b>1,968</b>	
<b>Core net profit</b>	<b>497</b>	<b>191</b>	<b>160.2</b>	<b>(12.3)</b>	<b>1,885</b>	<b>810</b>	<b>132.7</b>	<b>1,741</b>	
EPS (US cts)	3.56	2.19	63.1	(35.3)	17.45	9.89	76.4	16.92	FY22 net profit formed 103% of our FY22F forecast, thanks to profitable results in ISG and strong growth in SSG.
Core EPS (US cts)	4.28	1.60	166.5	(12.3)	16.21	6.80	N/M	14.97	

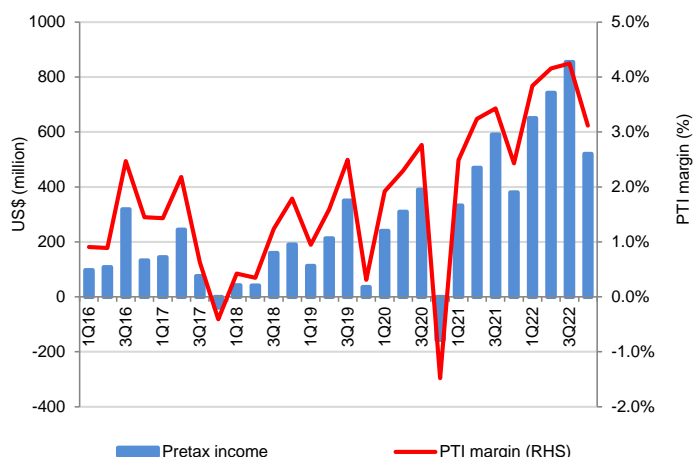
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 2: Lenovo Group – revenue and revenue growth (1QFY16 to 4QFY22)**



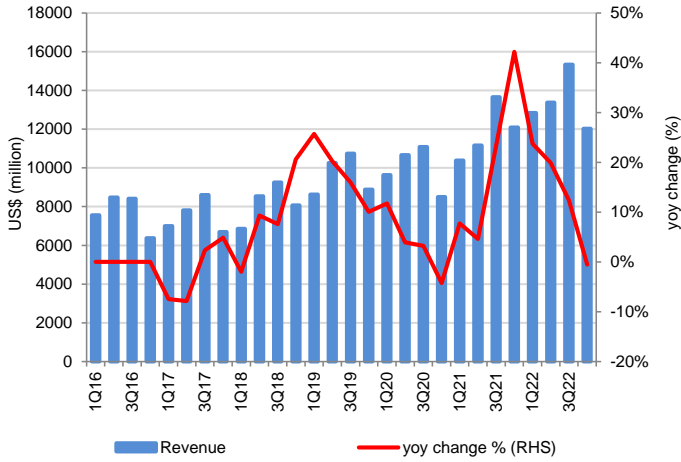
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 3: Lenovo Group – PTI (pre-tax income) and PTI margin (1QFY16 to 4QFY22)**



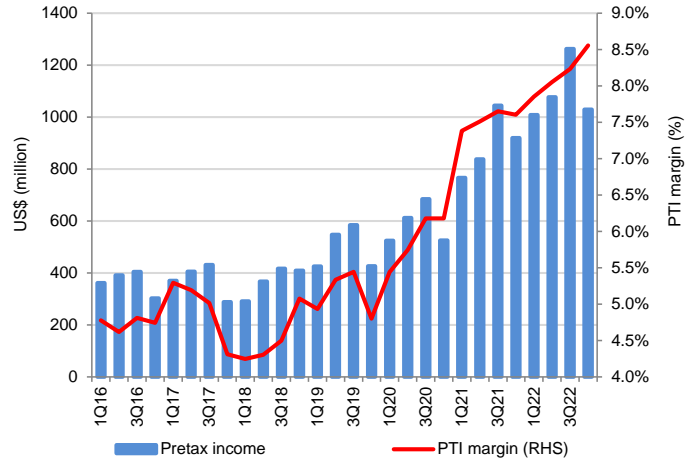
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 4: PCSD (PC & smart devices) – revenue and revenue growth (1QFY16 to 4QFY22)**



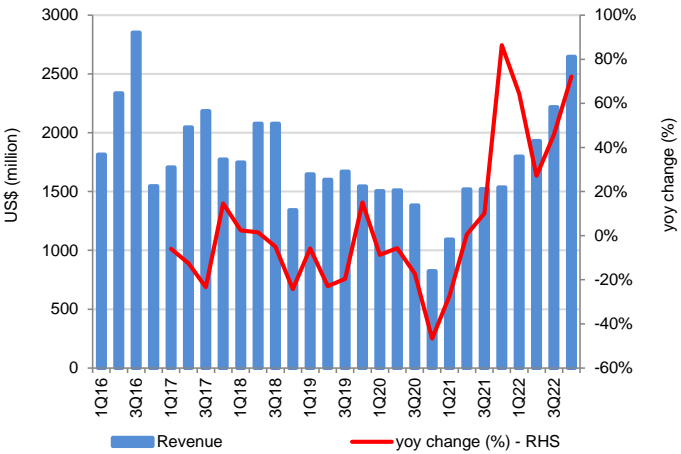
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 5: PCSD – PTI and PTI margin (1QFY16 to 4QFY22)**



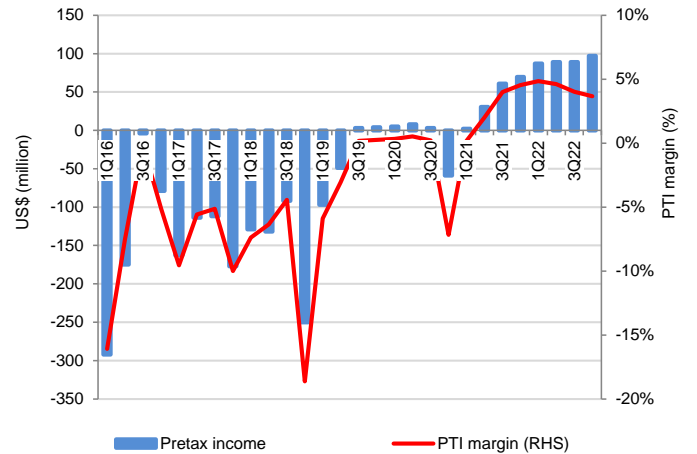
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 6: MBG (Mobile business group) – revenue and revenue growth (1QFY16 to 4QFY22)**



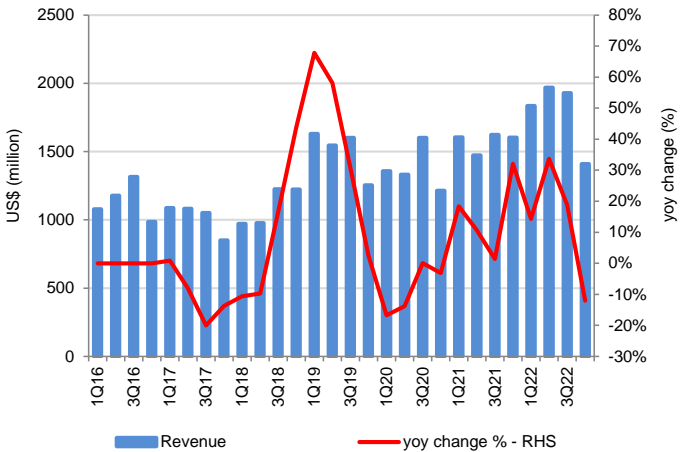
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 7: MBG – PTI and PTI margin (1QFY16 to 4QFY22)**



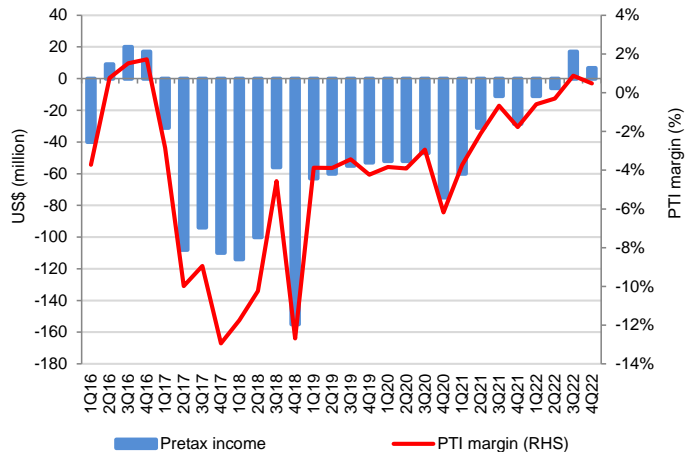
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 8: ISG (Infrastructure business group) – revenue and revenue growth (1QFY16 to 4QFY22)**



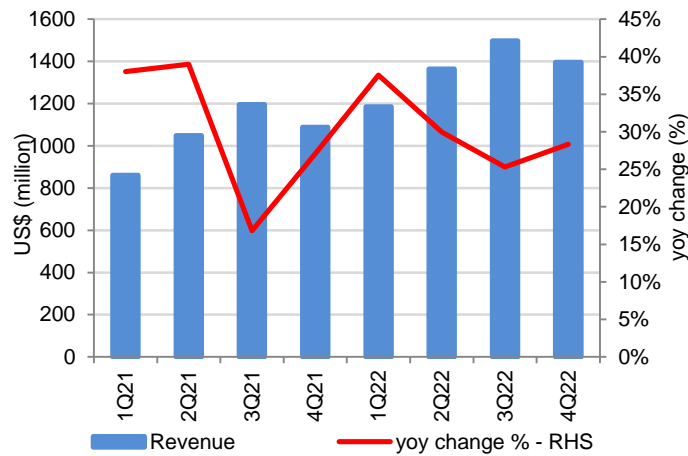
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 9: ISG – PTI and PTI margin (1QFY16 to 4QFY22)**



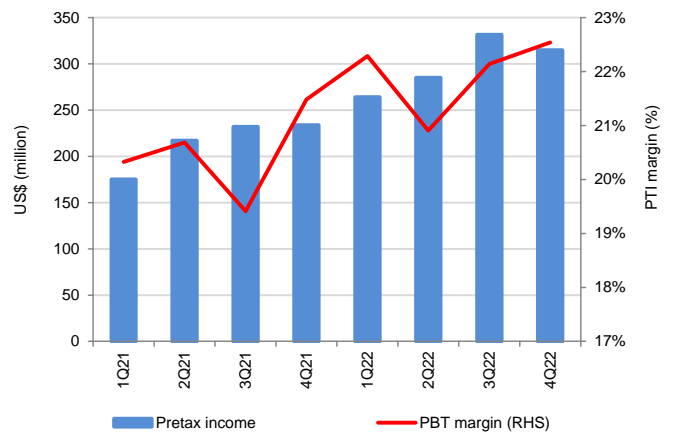
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 10: SSG (Solutions & services group) – revenue and revenue growth (1QFY21 to 4QFY22)**



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 11: SSG – PTI and PTI margin (1QFY21 to 4QFY22)**



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 12: Earnings revision**


FYE Mar (US\$m)	Mar-22A	Mar-23F			Mar-24F			Mar-25F		
		Old	New	% chg	Old	New	% chg	Old	New	% chg
Revenue	71,618	75,670	72,211	-4.6%	79,821	76,523	-4.1%	n.a.	82,105	n.a.
EBITDA	4,063	4,202	4,160	-1.0%	4,404	4,347	-1.3%	n.a.	4,766	n.a.
EBITDA margin	5.7%	5.6%	5.8%	0.2% pts	5.5%	5.7%	0.2% pts	n.a.	5.8%	n.a.
Profit before tax income	2,767	2,929	2,767	-5.5%	3,200	3,054	-4.5%	n.a.	3,548	n.a.
Profit before tax income margin	3.9%	3.9%	3.8%	0.0% pts	4.0%	4.0%	0.0% pts	n.a.	4.3%	n.a.
Net profit	2,029	2,116	2,065	-2.4%	2,312	2,260	-2.3%	n.a.	2,624	n.a.
Core net profit	1,885	2,116	2,065	-2.4%	2,312	2,260	-2.3%	n.a.	2,624	n.a.
EPS (US\$ cent)	17.48	17.58	17.15	-2.4%	19.20	18.76	-2.3%	n.a.	21.79	n.a.
Core EPS (US\$ cent)	16.24	17.58	17.15	-2.4%	19.20	18.76	-2.3%	n.a.	21.79	n.a.

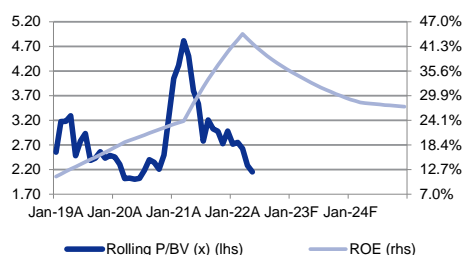
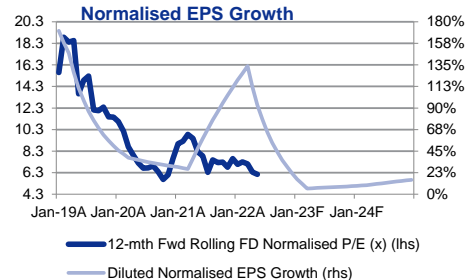
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 13: Peers comparison**

Company	Bloomberg Ticker	Recom. (local curr)	Price (local curr)	Target Price (local curr)	Market Cap (US\$ m)	P/E (x)			P/BV (x)		Recurring ROE (%)		EV/EBITDA (x)		Dividend Yield (%)	
						CY2022	CY2023F	CAGR (%)	CY2022	CY2023F	CY2022	CY2023F	CY2022	CY2023F	CY2022	CY2023F
Lenovo Group	992 HK	Add	7.50	11.50	11,505	5.6	5.2	13.8%	1.7	1.4	36.1%	29.4%	2.2	1.6	6.3%	6.9%
Acer Inc	2353 TT	Not Rated	28.60	N/A	2,974	10.6	11.5	-10.0%	1.3	1.2	11.9%	10.7%	3.9	4.0	6.4%	6.1%
Asustek	2357 TT	Not Rated	329.00	N/A	8,339	7.6	7.9	-7.7%	1.0	1.0	13.7%	12.6%	5.0	5.1	9.8%	8.9%
Micro-Star International	2377 TT	Not Rated	132.00	N/A	3,805	7.5	7.9	-3.7%	2.2	2.0	29.5%	25.6%	5.6	5.2	7.4%	7.1%
Quanta Computer	2382 TT	Not Rated	77.20	N/A	10,175	11.4	10.0	-0.1%	1.8	1.7	16.0%	17.8%	7.7	6.2	7.1%	7.7%
Dell Technologies	DELL US	Not Rated	43.93	N/A	32,866	6.7	6.4	-0.3%	4.2	78.2	NM	NM	4.9	5.0	0.0%	3.0%
HP	HPQ US	Not Rated	36.77	N/A	38,732	8.6	8.4	-3.8%	NM	NM	NM	NM	6.7	7.1	2.7%	2.9%
<b>Average</b>						<b>8.7</b>	<b>8.7</b>	<b>-4.3%</b>	<b>2.1</b>	<b>16.8</b>	<b>17.8%</b>	<b>16.7%</b>	<b>5.6</b>	<b>5.4</b>	<b>5.6%</b>	<b>5.9%</b>

SOURCES: CGS-CIMB RESEARCH, BLOOMBERG (PRICE AS AT 27 MAY 2022)

 <span style="float: right;">Refinitiv ESG Scores</span>	
<h2>ESG in a nutshell</h2> <p>Lenovo’s environmental, social, and governance efforts have been recognised in the recent past with a number of accolades, including Corporate Knights Global 100 Assessment, 2021 BDO ESG Award, 2020 Best Workplaces for Innovation, 2020 Hang Seng Corporate Sustainability Index, 2020 Bloomberg Businessweek/Chinese Edition ESG Leading Enterprise Award, 2020 Corporate Governance Excellence Award, 2020 CDP Supplier Engagement Rating A, 2021 Corporate Equality Index, 2020 HR Asia Best Workplaces in Asia, 2020 Global Month of Service, and 2021 Green Freight Asia. Such acknowledgements reflect the company’s strong ESG performance to create long-term value for its stakeholders and meet their expectations.</p> <p>In our view, Lenovo has not been not been involved in any environmentally-detrimental industry practices and takes the effort to minimise the environmental impact of its operations.</p>	
<h3>Keep your eye on</h3> <p>Lenovo supports its continuous ESG commitments.</p>	<h3>Implications</h3> <p>Lenovo has recently formed the ESG Executive Oversight Committee (EOC) to provide strategic direction and facilitate the coordination of ESG efforts across the company. The EOC will also represent the interests of the business units as we infuse the ESG strategy and promote a culture that encourages strong ESG performance, including compliance and leadership activities.</p>
<h3>ESG highlights</h3> <p>Lenovo has expanded its commitment to focus on building diversity and accessibility into its products.</p>	<h3>Implications</h3> <p>Lenovo has expanded its commitment to Diversity and Inclusion (D&amp;I) by announcing a Product Diversity Office (PDO). The PDO aims to propel its thinking beyond the physical form of our products and account for diversity more broadly within its software, smart devices, data, and mobile solutions.</p>
<h3>Trends</h3> <p>In FY20, the company’s energy and water consumption increased; its total emission and non-hazardous waste produced increased, while hazardous waste produced decreased.</p>	<h3>Implications</h3> <p>Lenovo’s total energy consumption increased 6% yoy from 1,180,071 gigajoules in FY19 to 1,248,059 gigajoules in FY20.</p> <p>Total water consumption (megalitres) increased 8% yoy to 134 in FY20.</p> <p>Total greenhouse gas (GHG) emission (metric tons CO<sub>2</sub>) rose 9% yoy to 184,947 in FY20.</p> <p>Total GHG emission intensity (metric tons per US\$ million revenue) decreased 10% yoy to 3.04 in FY20.</p> <p>Total hazardous waste (metric tons) decreased 50% yoy from 74 in FY19 to 37 in FY20.</p> <p>Total non-hazardous waste (metric tons) increased 20% yoy from 43,203 in FY19 to 51,648 in FY20.</p> <p style="text-align: right; font-size: small;">SOURCES: CGS-CIMB RESEARCH, REFINITIV</p>

**BY THE NUMBERS**
**P/BV vs ROE**

**12-mth Fwd FD Normalised P/E vs FD Normalised EPS Growth**

**Profit & Loss**

(US\$m)	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
<b>Total Net Revenues</b>	<b>60,742</b>	<b>71,618</b>	<b>72,211</b>	<b>76,523</b>	<b>82,105</b>
<b>Gross Profit</b>	<b>9,768</b>	<b>12,049</b>	<b>12,024</b>	<b>12,672</b>	<b>13,667</b>
<b>Operating EBITDA</b>	<b>2,772</b>	<b>4,067</b>	<b>4,160</b>	<b>4,347</b>	<b>4,766</b>
Depreciation And Amortisation	-960	-1,127	-1,161	-1,133	-1,112
<b>Operating EBIT</b>	<b>1,812</b>	<b>2,939</b>	<b>2,999</b>	<b>3,214</b>	<b>3,654</b>
Financial Income/(Expense)	-374	-306	-238	-178	-124
Pretax Income/(Loss) from Assoc.	-32	-7	5	18	18
Non-Operating Income/(Expense)	0	0	0	0	0
<b>Profit Before Tax (pre-EI)</b>	<b>1,406</b>	<b>2,627</b>	<b>2,767</b>	<b>3,054</b>	<b>3,548</b>
Exceptional Items	368	144	0	0	0
<b>Pre-tax Profit</b>	<b>1,774</b>	<b>2,771</b>	<b>2,767</b>	<b>3,054</b>	<b>3,548</b>
Taxation	-461	-622	-636	-702	-816
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>1,313</b>	<b>2,148</b>	<b>2,130</b>	<b>2,352</b>	<b>2,732</b>
Minority Interests	-102	-116	-65	-92	-107
Preferred Dividends	-33	0	0	0	0
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Preference Dividends (Australia)					
<b>Net Profit</b>	<b>1,178</b>	<b>2,033</b>	<b>2,065</b>	<b>2,260</b>	<b>2,624</b>
Normalised Net Profit	945	2,004	2,130	2,352	2,732
<b>Fully Diluted Normalised Profit</b>	<b>810</b>	<b>1,889</b>	<b>2,065</b>	<b>2,260</b>	<b>2,624</b>

**Cash Flow**

(US\$m)	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
<b>EBITDA</b>	<b>2,772</b>	<b>4,067</b>	<b>4,160</b>	<b>4,347</b>	<b>4,766</b>
Cash Flow from Inv. & Assoc.	0	7	-5	-18	-18
Change In Working Capital	1,661	365	-43	-379	-504
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	-35	576	0	0	0
Other Operating Cashflow	561	413	243	196	142
Net Interest (Paid)/Received	-374	-306	-238	-178	-124
Tax Paid	-933	-1,045	-636	-702	-816
<b>Cashflow From Operations</b>	<b>3,653</b>	<b>4,077</b>	<b>3,481</b>	<b>3,265</b>	<b>3,446</b>
Capex	-303	-396	-250	-250	-250
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments	-5	-76	-76	-76	-76
Other Investing Cashflow	-668	-1,026	73	116	156
<b>Cash Flow From Investing</b>	<b>-976</b>	<b>-1,498</b>	<b>-254</b>	<b>-210</b>	<b>-170</b>
Debt Raised/(repaid)	-868	-330	-181	-148	-130
Proceeds From Issue Of Shares	18	0	0	0	0
Shares Repurchased	-1,062	-254	0	0	0
Dividends Paid	-469	-495	-632	-687	-789
Preferred Dividends					
Other Financing Cashflow	-847	-678	0	0	0
<b>Cash Flow From Financing</b>	<b>-3,228</b>	<b>-1,757</b>	<b>-813</b>	<b>-834</b>	<b>-919</b>
Total Cash Generated	-551	821	2,414	2,221	2,357
<b>Free Cashflow To Equity</b>	<b>1,809</b>	<b>2,249</b>	<b>3,046</b>	<b>2,908</b>	<b>3,146</b>
<b>Free Cashflow To Firm</b>	<b>3,086</b>	<b>2,941</b>	<b>3,537</b>	<b>3,349</b>	<b>3,556</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## BY THE NUMBERS... cont'd

### Balance Sheet

(US\$m)	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
Total Cash And Equivalents	3,246	4,137	6,551	8,771	11,129
Total Debtors	13,454	16,304	16,439	17,420	18,691
Inventories	6,381	8,301	8,387	8,897	9,536
Total Other Current Assets	254	256	256	256	256
<b>Total Current Assets</b>	<b>23,335</b>	<b>28,997</b>	<b>31,632</b>	<b>35,345</b>	<b>39,612</b>
Fixed Assets	2,675	2,986	2,858	2,757	2,678
Total Investments	0	0	0	0	0
Intangible Assets	8,405	8,067	8,067	8,067	8,067
Total Other Non-Current Assets	3,575	4,461	4,461	4,461	4,461
<b>Total Non-current Assets</b>	<b>14,655</b>	<b>15,514</b>	<b>15,386</b>	<b>15,285</b>	<b>15,206</b>
Short-term Debt	698	788	791	815	845
Current Portion of Long-Term Debt					
Total Creditors	24,285	28,930	29,230	31,009	33,237
Other Current Liabilities	2,388	3,041	3,170	3,184	3,250
<b>Total Current Liabilities</b>	<b>27,372</b>	<b>32,759</b>	<b>33,191</b>	<b>35,008</b>	<b>37,331</b>
Total Long-term Debt	3,300	2,633	2,449	2,278	2,118
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	3,709	3,724	3,858	4,069	4,382
<b>Total Non-current Liabilities</b>	<b>7,008</b>	<b>6,357</b>	<b>6,307</b>	<b>6,346</b>	<b>6,500</b>
Total Provisions	0	0	0	0	0
<b>Total Liabilities</b>	<b>34,380</b>	<b>39,116</b>	<b>39,498</b>	<b>41,354</b>	<b>43,831</b>
Shareholders' Equity	3,559	4,991	7,116	8,872	10,582
Minority Interests	51	404	404	404	404
<b>Total Equity</b>	<b>3,611</b>	<b>5,395</b>	<b>7,520</b>	<b>9,276</b>	<b>10,987</b>

### Key Ratios

	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
Revenue Growth	19.8%	17.9%	0.8%	6.0%	7.3%
Operating EBITDA Growth	22.2%	46.7%	2.3%	4.5%	9.6%
Operating EBITDA Margin	4.56%	5.68%	5.76%	5.68%	5.80%
Net Cash Per Share (US\$)	-0.06	0.06	0.27	0.47	0.68
BVPS (US\$)	0.30	0.41	0.59	0.74	0.88
Gross Interest Cover	4.43	8.11	9.67	10.94	13.03
Effective Tax Rate	26.0%	22.5%	23.0%	23.0%	23.0%
Net Dividend Payout Ratio	58.6%	31.2%	28.0%	28.0%	28.0%
Accounts Receivables Days	69.97	75.83	82.75	80.97	80.27
Inventory Days	40.55	44.98	50.60	49.54	49.16
Accounts Payables Days	151.4	163.0	176.4	172.6	171.3
ROIC (%)	16.2%	27.3%	26.8%	29.9%	35.7%
ROCE (%)	22.4%	36.5%	31.4%	28.8%	29.0%
Return On Average Assets	3.49%	5.41%	5.04%	5.09%	5.36%

### Key Drivers

	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
PC & smart devices - yoy growth (%)	18.6%	13.4%	-3.2%	1.5%	2.5%
Mobile - yoy growth (%)	8.6%	51.5%	9.9%	8.2%	8.2%
Data Centre - yoy growth (%)	14.6%	13.3%	10.0%	15.0%	12.0%
PC & smart devices - OPM (%)	7.5%	8.2%	7.7%	7.8%	7.8%
Mobile Growth - OPM (%)	2.9%	4.2%	5.0%	5.0%	4.0%
Data Centre - OPM (%)	-2.1%	0.1%	0.5%	0.7%	1.0%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS



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The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. CGS-CIMB Thailand does not confirm nor certify the accuracy of such survey result.

<b>Score Range:</b>	90 - 100	80 – 89	70 - 79	Below 70	No Survey Result
<b>Description:</b>	Excellent	Very Good	Good	N/A	N/A



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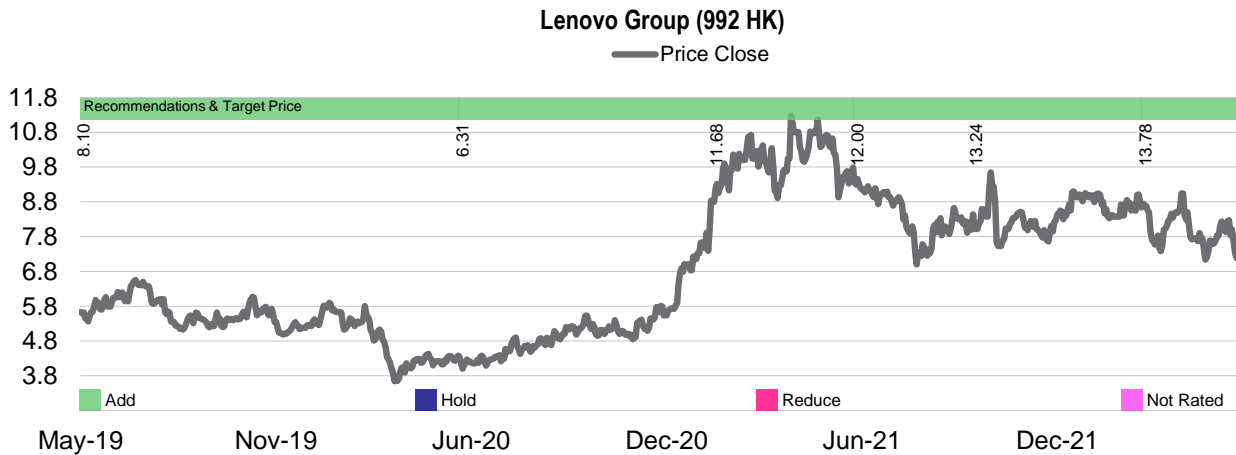
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Distribution of stock ratings and investment banking clients for quarter ended on 31 March 2022		
632 companies under coverage for quarter ended on 31 March 2022		
	Rating Distribution (%)	Investment Banking clients (%)
Add	70.3%	0.8%
Hold	22.0%	0.0%
Reduce	7.8%	0.2%

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.