

Singapore

ADD (no change)

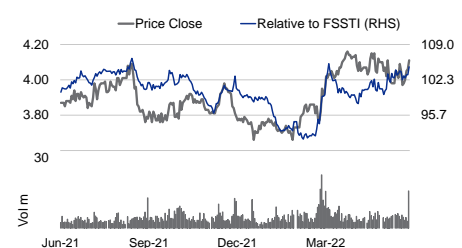
Consensus ratings*: Buy 10 Hold 1 Sell 2

Current price:	S\$4.11
Target price:	S\$4.70
Previous target:	S\$4.70
Up/downside:	14.4%
CGS-CIMB / Consensus:	5.5%
Reuters:	STEG.SI
Bloomberg:	STE SP
Market cap:	US\$9,333m
	S\$12,813m
Average daily turnover:	US\$16.15m
	S\$22.08m
Current shares o/s:	3,122m
Free float:	49.0%

*Source: Bloomberg

Key changes in this note

➤ No change



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	0.2	7.6	6.2
Relative (%)	3.9	7.9	4

Major shareholders

	% held
Temasek Holdings	50.0
Capital Group	5.0
BlackRock	1.8

Analyst(s)

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ST Engineering

NDR takeaways: Growth and yield

- We hosted STE's management on an NDR in Europe. We think STE is in a sweet growth spot, with tailwinds from smart spending and aviation recovery.
- Reiterate Add. STE is its yield and growth profile by FY23F, harvesting sizeable M&A and investments made during and pre-Covid.
- FAQs by investors: 1) aerospace recovery, 2) smart city opportunities, 3) defense spending and impact on STE, and 4) supply chain management
- Catalyst: quicker global reopening. Downside risks: global recession.

Tailwinds of aviation recovery post upside potential for aerospace

We think the pent-up demand for travel could lead to faster-than-expected recovery for ST Engineering's (STE) commercial aerospace. As of 1Q22, STE's airframe maintenance was operating at 90-95% pre-Covid capacity, with revenue at 86% of 2019's, largely driven by passengers to freighters (PTF) conversion. STE's global PTF hangars are fully booked till 2026 (for wide-body aircrafts). Within the aviation business value chain, management sees the fastest recovery from OEM (as aircraft deliveries are accelerated), followed by engines and components (with airlines still using green-time from parked aircrafts since the pandemic hit). We have factored in combined commercial and defence aerospace recovery to c.94%/101% of pre-Covid revenue for FY22F/FY23F and see potential for stronger recovery.

Exporting smart city capabilities overseas

STE group is known for its smart city transformations, but we think the investment community may still need time to fully understand its vast capabilities. The 3 key pillars of smart cities involve smart mobility, smart environment and smart security, and span its urban solutions and satcoms (USS) and defence and public security (DPS) clusters. We believe STE can replicate its smart city capabilities overseas, mainly via working with local contractors and consortiums. Notably, in Nov 21, STE was part of a S\$450m consortium for turnkey smart metro solutions for Taiwan's Kaohsiung MRT Red Line Extension; it was also awarded a US\$256m consortium tender to implement 450k public lighting units and smart city infrastructure in a public-private partnership project for municipality and RioLuz public utility in Brazil. In its 2021 Investor Day, STE targets to double its smart city revenue from S\$1.7bn to S\$3.5bn by 2026F. We believe the target can be achieved with its Transcore acquisition, potentially adding c.S\$800m of revenue p.a.

Execution is key to hit more than S\$11bn revenue in 2026F

With the committed S\$0.04 quarterly DPS payment, we deem STE as a decent yield stock for now at 4%, and a growth stock by FY23F with a 17% increase in EPS, driven by Transcore consolidation, execution of S\$21.3bn order book and recovery growth. Our TP of S\$4.70 is based on average blended valuations (20x CY23F P/E, DCF with 6.3% WACC and 2% LTG, 4% dividend yield). Maintain Add.

Financial Summary	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue (S\$m)	7,158	7,693	8,903	9,423	9,866
Operating EBITDA (S\$m)	949	1,044	1,152	1,380	1,441
Net Profit (S\$m)	521.8	570.5	586.6	687.1	745.5
Core EPS (S\$)	0.17	0.18	0.19	0.22	0.24
Core EPS Growth	(9.6%)	9.3%	2.8%	17.1%	8.5%
FD Core P/E (x)	24.56	22.46	21.84	18.65	17.19
DPS (S\$)	0.15	0.15	0.16	0.16	0.16
Dividend Yield	3.65%	3.65%	3.89%	3.89%	3.89%
EV/EBITDA (x)	14.70	13.30	15.12	12.48	11.81
P/FCFE (x)	14.29	16.98	51.04	16.75	16.19
Net Gearing	51%	49%	175%	158%	139%
P/BV (x)	5.59	5.31	5.13	4.77	4.37
ROE	23.1%	24.3%	23.9%	26.5%	26.5%
CGS-CIMB/Consensus EPS (x)			1.00	1.05	1.04

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Ground check: pent-up demand for travel ►

Ground check by the covering analyst: We were bumped off from our Singapore-Europe flight due to overbooking, experiencing the so-called “pent-up demand and global borders reopening” as this marked our maiden overseas marketing and NDR trip. There were also pockets of delays in short-haul flights due to shortage of ground-handling staff in airports, affirming the trend of robust recovery by the European carriers. IATA expects global traveler numbers to reach 83% in 2022, 94% in 2023 and 103% of pre-Covid (2019 level) by 2024.

Figure 1: Europe leading the recovery in air passenger market

March-2022 (% YEAR ON YEAR)	WORLD SHARE ¹	RPK	ASK	PLF (%-PT) ²	PLF (LEVEL) ³
Total Market	100.0%	76.0%	46.0%	12.7%	74.7%
Africa	1.9%	76.4%	46.8%	11.0%	65.7%
Asia Pacific	27.6%	-17.9%	-14.9%	-2.3%	64.2%
Europe	24.9%	246.9%	162.8%	17.9%	73.9%
Latin America	6.5%	119.8%	94.3%	9.4%	80.8%
Middle East	6.5%	221.1%	88.5%	29.6%	71.8%
North America	32.6%	96.5%	48.6%	20.5%	83.9%

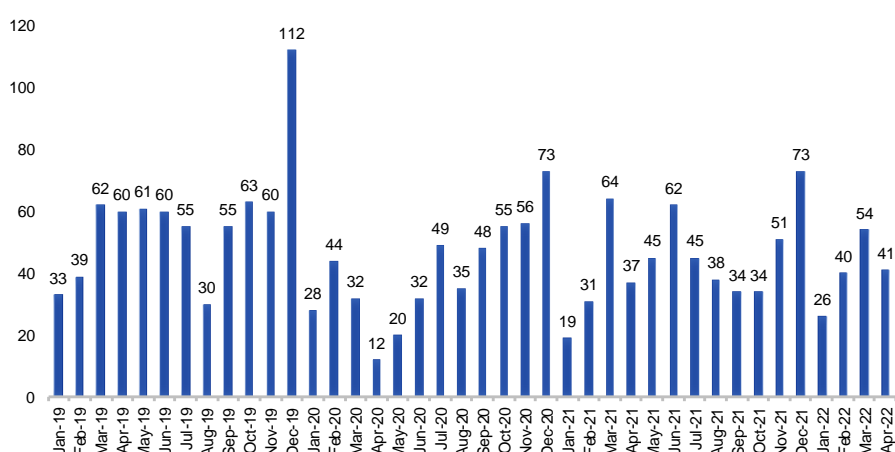
1) % of industry RPKs in 2021 2) Year on year change in load factor 3) Load Factor Level

SOURCES: CGS-CIMB RESEARCH, IATA

OEM and narrow-body aircrafts to recover first ►

Barring labour and equipment shortage, aircraft OEMs are ramping up production to cope with global recovery. Specifically, demand for small aircrafts (narrow body) could return ahead to cater for inter-continental travel in the next 2 years, while inter-region recovery should follow suit for inter-region travel. Airbus has been ramping up deliveries of single-aisle aircrafts, particularly the A320neo and A321neo YTD, at 40-50 units/month.

Figure 2: Single-aisle Airbus deliveries at 40-50 per month



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

STE's engine nacelle production arm MRAS has also gradually climbed to 43 units/month in 1Q22(1Q21: units/ month), echoing Airbus' single-aisle deliveries. EFW, being a first-tier supplier of composite floor panels as well as cargo linings for Airbus, should see a pick-up in production, in our view.

Investments made to ride on PTF wave ➤

To meet the rising demand for PTF conversions, STE has set up new conversions sites in China and the US since 2021 to ramp up conversion capacity for all its Airbus P2F programmes. By 2024, STE expects to be capable of delivering over 60 slots p.a of aircraft (30 narrow body and 30 wide body), which is four times that of the 20 units in 2021.

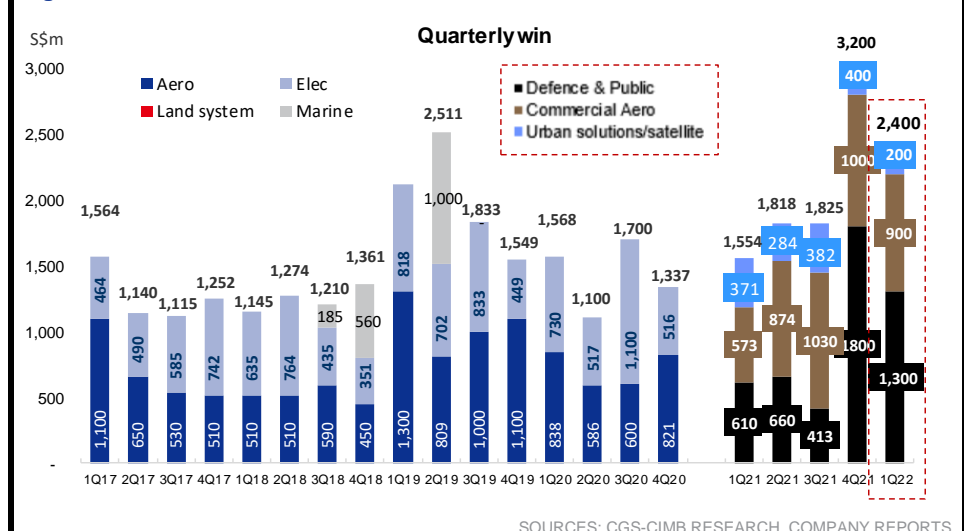
Figure 3: STE targets to expand its PTF inductions to 60 p.a by 2024F

	2020	2021	2022F	2023F	2024F
Total estimated no of PTF inductions p.a	18	20	30	45	60
yoy					
Locations	Capabilities				
Singapore	B757, B767-300, A320				
Dresden, Germany	A330, A320, A321, A300, A310				
Guangzhou, China	A321, B767-300				
San Antonio, US	A320				
Mobile, US	A330				
Shanghai, China	A330				
			+1 line (767-300BCF)		
		+1 line (A320)			
			+ 1 line (A330)		
			+1 line (A330)		

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

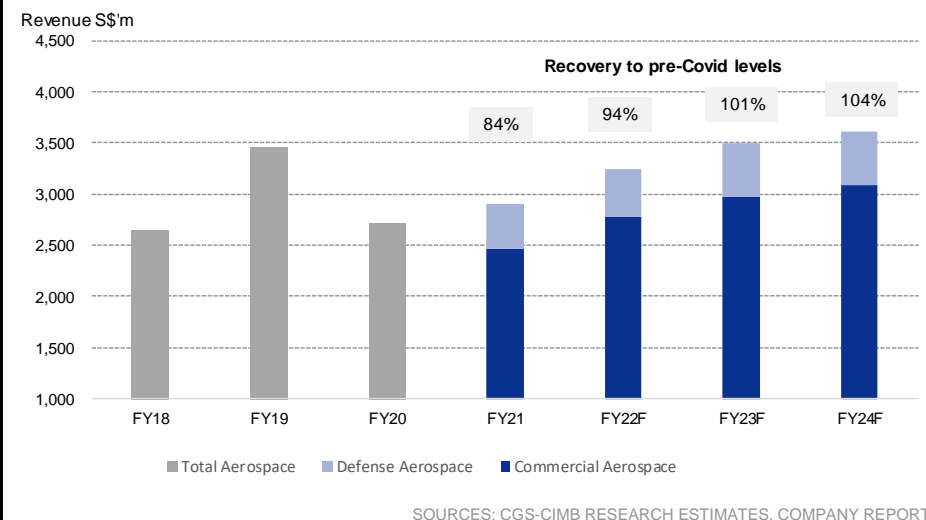
PTF conversion contract momentum has been strong over the past 18 months. This can be seen in STE's commercial aerospace quarterly order wins, which surged from S\$573m in 1Q21 to a peak of S\$1bn in 2021. We believe the pace is likely to taper off in the coming months with the reinstatement of passenger aircrafts. Management addressed the potential under-utilisation of PTF lines post-Covid with sustainable demand for freighters from the long-term trend for e-commerce. In addition, PFT hangars can also be converted to airframe maintenance if required. **We estimate PTF to contribute about one-third (c. S\$890m) of commercial aerospace revenue by FY23F.**

Figure 4: 1Q22 order wins were decent at S\$2.4bn



We have factored in combined commercial and defence aerospace recovery to c.94%/101% of pre-Covid revenue for FY22F/FY23F and see potential for stronger recovery.

Figure 5: We estimate Commercial and Defense Aerospace to return to pre-Covid by FY2023F



Defense spending and impact ►

Management acknowledged that defense spending has been brought forth by the Ukraine/Russia war as countries are more inclined to spend. However, large-scale projects spending typically requires a time span of 4-5 years from final decision. Small arms and grenades are less likely to be affected by politics and could see faster growth. For large-scale overseas defense projects, we believe STE still needs to collaborate with local manufacturers due to political sensitivities. Munition and weapons used to contribute c.3-4% of STE's revenue and NPAT from FY17-20 (before the change in disclosure format in FY21).

Figure 6: Munition & weapon contributed 3-4% of STE's revenue and NPAT

S\$m	FY17	FY18	FY19	FY20
Revenue	200.0	169.0	209.0	197.0
NPAT	14.7	21.8	18.1	21.2
Net margin	7%	13%	9%	11%
% to group NPAT	2.9%	4.4%	3.1%	4.1%
% to group revenue	3.1%	2.5%	2.7%	2.8%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Supply chain and cost pass-through ►

Management reiterated that the group is managing supply chain and inflationary pressures well. There are some contracts with cost escalation factors and inflation marker pass-through mechanisms, including fuel costs. There are some contracts that require renegotiations.

We reiterate some of the examples mentioned during FY21 analysts briefings on how STE mitigate these pressures.

USS: Satcom division faces chip shortages the most, and some of the measures to mitigate this include product (e.g. modems) redesign to reduce dependency on a single chipmaker and comprehensive renegotiations with suppliers to get priority in deliveries.

Marine: The S\$2.6bn Polar Security Cutter project is currently in the design phase and due to start construction in 2H22F. There are clauses to share cost increases in the contract.

Defence contracts: Long-lead items, including engines, parts and steel, are locked in with vendors in advance with some renegotiations to pass through costs, including aluminum and steel.

Aerospace: Wage inflation and a competitive labour market are widespread in addition to a tight supply chain (shipments of PTF kits). STE established apprenticeship programmes during the Covid-19 period to retain talent. We believe supply chain management can partially be mitigated by a recovery in maintenance repair and overhaul (MRO).

Data centre management: There are clauses for natural hedging, including electricity costs, and to share cost increase.

Coping with shortage of labour ►

STE's staff strength averaged at 22.3k for the year 2021, with about 8,000 to 9,000 engineers. Staff turnover was slightly higher at 12-13% in 2021 (vs. average 8-9% in previous years). We see challenges in the aerospace division, where licensed technicians and engineers are in demand. In the areas of infocomm, digital and AI, shortage of data analysts is also common. Finally, restrictions posed on foreign labour hiring could also impact its shipbuilding order execution.

Valuations and recommendation ►

STE trades at c.19x FY23F of P/E, slightly below its 7-year average of 21x. We believe strong order wins and consistent net profit delivery could be the key catalysts for the stock. It traded up to 24x P/E in 2019, when net profit grew c.17% in FY19 thanks to the consolidation of MRAS (Middle River Aerostructure Systems). We believe the stock could also follow a similar path by FY23F as the Transcore consolidation kicks in, combined with demand recovery from the global reopening. We have factored in 2.8%/17% yoy growth in EPS for FY22F/23F.

Downside risks: global recession and uncontrolled pandemic outbreak that causes aviation crisis. Our TP of S\$4.70 is based on average blended valuations (20x CY23F P/E, DCF with 6.3% WACC and 2% LTG, 4% dividend yield).

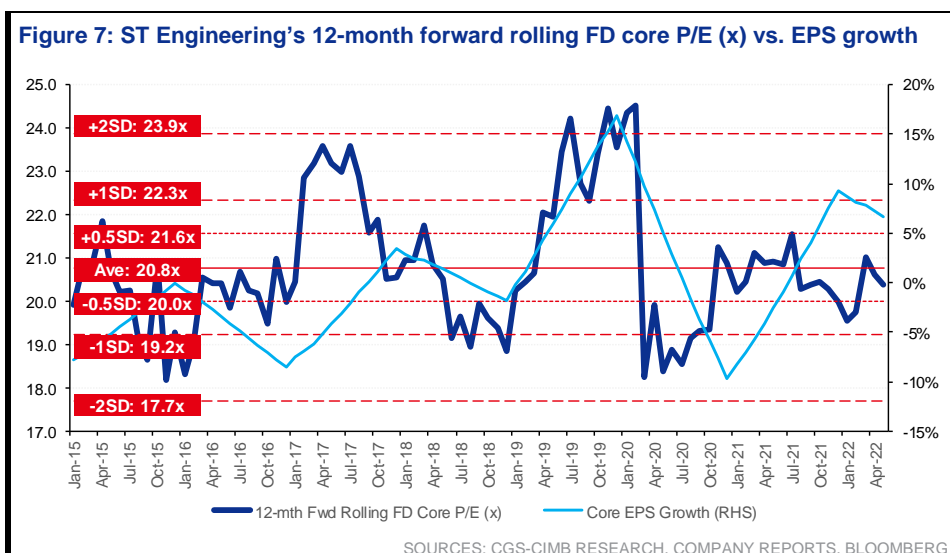


Figure 8: Blended valuations

Method	Value per share (S\$) Basis	
P/E	4.56	20.7x CY23F EPS (S\$0.22)
DCF	5.54	WACC 6.3%, LTG 2%
Dividend yield (%)	4.00	4% net yield on FY22F DPS
Average	4.70	

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS


Figure 9: Peers Comparison

Company	Bbg Ticker	Recom.	Price (lcl curr)	Target Price (lcl curr)	Market Cap (US\$ m)	P/E (x)			2-year EPS CAGR (%)	P/BV (x)		Recurring ROE (%)	Dividend Yield (%)
						CY22F	CY23F	CY24F		CY22F	CY23F		
Keppel Corporation	KEP SP	Add	6.89	7.20	8,953	14.6	15.2	15.6	-10.5%	1.01	0.98	7.0%	3.8%
Sembcorp Marine	SMM SP	Hold	0.12	0.09	2,721	na	na	na	na	1.03	1.07	-13.0%	0.0%
Singapore offshore - big cap simple average						14.6	15.2	15.6	-10.5%	1.02	1.02	-3.0%	1.9%
COSCO SHIPPING International S	COS SP	NR	0.20	na	342	33.2	33.2	na	-33.1%	0.78	0.78	4.1%	28.6%
Yangzijiang Shipbuilding	YZJSGD SP	Add	0.93	1.63	2,662	7.3	5.8	5.3	17.3%	1.02	0.92	14.6%	5.4%
Chinese Shipbuilder simple average						20.2	19.5	5.3	-7.9%	0.90	0.85	9.3%	17.0%
CSE Global	CSE SP	Add	0.48	0.54	177	13.7	10.5	9.0	22.2%	1.25	1.20	9.4%	5.8%
SATS Ltd	SATS SP	Add	4.38	4.88	3,580	69.9	26.9	18.7	na	3.02	2.96	4.4%	1.0%
Sembcorp Industries	SCI SP	Add	2.85	2.96	3,706	11.9	10.3	9.8	32.3%	1.23	1.10	10.9%	2.5%
ST Engineering	STE SP	Add	4.11	4.70	9,333	21.8	18.6	17.2	7.7%	5.13	4.77	24.3%	3.9%
SIA Engineering	SIE SP	Add	2.51	2.92	2,052	44.8	33.1	24.7	31.4%	1.70	1.66	3.9%	1.5%
Industrial/conglomerate / airport services simple average						32.4	19.9	15.9	23.4%	2.47	2.34	10.6%	2.9%

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG

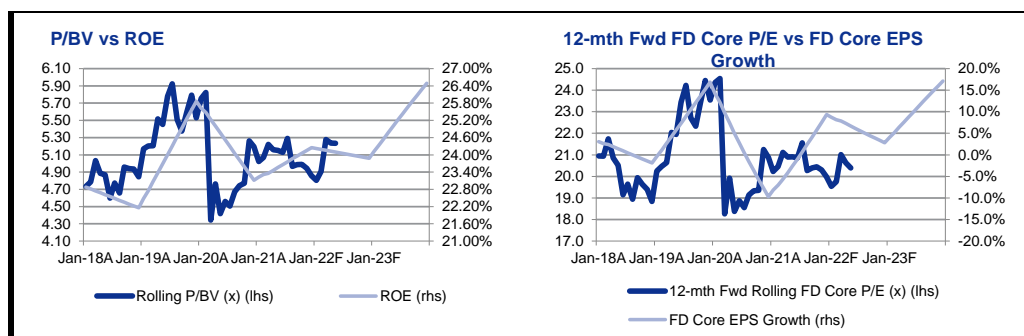
Note: Forecasts for Not rated companies are based on Bloomberg consensus estimates

DATA AS AT 31 MAY 2022

Refinitiv ESG Scores	
	
<p>ESG in a nutshell</p> <p>We think STE's transformation over the years, steering its focus towards aerospace, smart city, defence and public security segments, has lifted its overall ESG standing away from the historical misconception of being associated with the production of antipersonnel landmines/cluster munitions. Accordingly, it has improved its ESG combined score by Refinitiv from a B- since 2015 to A- in 2020. The current score of A- is split into E: A+ (weightage 23.7%); S: A- (weightage 43.9%); and G: B- (weightage 32.4%). Being a Temasek-linked company, we believe that STE plays a role in helping Singapore achieve its 2030 Green Plan.</p>	
<p>Keep your eye on</p> <p>Being involved in the defence industry, transparency of information could be limited at times for contract wins/ tender pipeline. Order book amount disclosed includes defence contracts, but details are not disclosed.</p>	<p>Implications</p> <p>We do not forecast our financials by commercial/defence in nature but based on historical trend of revenue and margin by segments. Significant wins/cancellations of defence contracts could be an upside/downside risk as STE announces its end order book.</p>
<p>ESG highlights</p> <p>Refinitiv ranked STE slightly better vs. its Singapore industrial peers (KEP: B+, SCI: B-) in 2020. STE scored particularly well in Environment (A+), which we believe was due to its emission reduction target achievement. In 2019, its Singapore operations achieved a reduction of 39% in greenhouse gas (GHG) emission intensity, which surpassed our target of a 36% reduction on a business-as-usual basis by 2030F, with 2010 as base year. In 2020, the reduction continued with -44%, and -30% in 2021.</p> <p>However, Refinitiv ranked STE B- for Governance in 2020 (KEP: A- , SCI: A), which we believe was due to the number of independent directors on its board. We note that this has improved in 2021 (9, or 75%, of STE's current 12 board directors are independent) as compared to 58% in 2020, vs. peers (KEP: c.87% and SCI: 90%).</p>	<p>Implications</p> <p>STE generally appears to fare well in corporate governance among Singapore corporates, with little controversy in recent years and can be valued at a premium by some investors. We believe that this ties in with our above-Singapore market P/E in our fundamental valuations.</p>
<p>Trends</p> <p>STE improved in Environment pillar, based on Refinitiv rankings in 2020, with a score of A+ (vs. 2018's B+), which was attributed to better resource efficiency (less energy use/million revenue), and lower Co2 emissions. It also improved in its Social pillar in 2019, with a score of A- (vs. C+ in the previous year), mainly due to the disclosure of human rights policy – with zero tolerance for unethical labour practices such as child labour, forced labour, slavery and human trafficking in its operations; it maintained its A-score in 2020.</p>	<p>Implications</p> <p>As STE ramps up projects in smart cities, it could gain more interest from funds that focus on high E and S scores.</p>

SOURCES: CGS-CIMB RESEARCH, REFINITIV

BY THE NUMBERS



Profit & Loss

(\$m)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Total Net Revenues	7,158	7,693	8,903	9,423	9,866
Gross Profit	1,527	1,535	1,896	2,090	2,218
Operating EBITDA	949	1,044	1,152	1,380	1,441
Depreciation And Amortisation	(379)	(398)	(404)	(505)	(495)
Operating EBIT	570	646	748	875	945
Financial Income/(Expense)	(62)	(36)	(78)	(80)	(82)
Pretax Income/(Loss) from Assoc.	30	16	19	19	19
Non-Operating Income/(Expense)	(4)	12	0	0	0
Profit Before Tax (pre-EI)	534	638	689	814	882
Exceptional Items	0	0	0	0	0
Pre-tax Profit	534	638	689	814	882
Taxation	(9)	(71)	(96)	(120)	(131)
Exceptional Income - post-tax					
Profit After Tax	526	567	593	693	752
Minority Interests	(4)	4	(6)	(6)	(6)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	522	571	587	687	746
Recurring Net Profit	522	571	587	687	746
Fully Diluted Recurring Net Profit	522	571	587	687	746

Cash Flow

(\$m)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
EBITDA	949	1,044	1,152	1,380	1,441
Cash Flow from Inv. & Assoc.	(30)	(16)	(19)	(19)	(19)
Change In Working Capital	598	137	(330)	(113)	(181)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	160	105	107	110	113
Net Interest (Paid)/Received	(65)	(44)	(78)	(80)	(82)
Tax Paid	(78)	(112)	(96)	(120)	(131)
Cashflow From Operations	1,533	1,114	736	1,158	1,141
Capex	(200)	(312)	(350)	(250)	(200)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(95)	(102)	(3,335)	(143)	(150)
Cash Flow From Investing	(295)	(414)	(3,685)	(393)	(350)
Debt Raised/(repaid)	(341)	54	3,200	0	0
Proceeds From Issue Of Shares	0	0	0	0	0
Shares Repurchased	(29)	(33)	0	0	0
Dividends Paid	(468)	(468)	(500)	(500)	(500)
Preferred Dividends					
Other Financing Cashflow	(120)	(168)	(88)	(91)	(94)
Cash Flow From Financing	(959)	(615)	2,612	(591)	(593)
Total Cash Generated	279	86	(337)	174	198
Free Cashflow To Equity	897	754	251	765	791
Free Cashflow To Firm	1,309	748	(2,861)	856	885

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	731	816	479	653	851
Total Debtors	1,048	1,067	1,268	1,342	1,406
Inventories	1,269	1,261	1,459	1,527	1,592
Total Other Current Assets	1,943	2,213	2,206	2,174	2,148
Total Current Assets	4,991	5,356	5,412	5,697	5,997
Fixed Assets	1,757	1,794	3,405	3,314	3,183
Total Investments	492	519	538	557	576
Intangible Assets	1,946	1,993	3,663	3,641	3,627
Total Other Non-Current Assets	778	854	854	854	854
Total Non-current Assets	4,973	5,159	8,460	8,366	8,239
Short-term Debt	496	560	560	560	560
Current Portion of Long-Term Debt					
Total Creditors	2,218	2,613	2,688	2,712	2,619
Other Current Liabilities	1,574	1,507	1,495	1,468	1,483
Total Current Liabilities	4,289	4,680	4,743	4,740	4,662
Total Long-term Debt	1,551	1,555	4,755	4,755	4,755
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	1,550	1,612	1,612	1,612	1,612
Total Non-current Liabilities	3,100	3,168	6,368	6,368	6,368
Total Provisions	0	0	0	0	0
Total Liabilities	7,389	7,847	11,110	11,108	11,030
Shareholders' Equity	2,293	2,413	2,500	2,687	2,933
Minority Interests	282	255	261	267	273
Total Equity	2,575	2,668	2,761	2,955	3,207

Key Ratios

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue Growth	(9.0%)	7.5%	15.7%	5.8%	4.7%
Operating EBITDA Growth	(10.4%)	10.1%	10.3%	19.8%	4.4%
Operating EBITDA Margin	13.3%	13.6%	12.9%	14.6%	14.6%
Net Cash Per Share (S\$)	(0.42)	(0.42)	(1.55)	(1.50)	(1.43)
BVPS (S\$)	0.74	0.77	0.80	0.86	0.94
Gross Interest Cover	8.00	13.53	8.46	9.60	10.08
Effective Tax Rate	1.6%	11.1%	14.0%	14.8%	14.8%
Net Dividend Payout Ratio	89.8%	82.1%	85.2%	72.7%	67.0%
Accounts Receivables Days	58.64	50.17	47.87	50.57	50.97
Inventory Days	83.88	74.99	70.84	74.31	74.64
Accounts Payables Days	136.6	143.2	138.0	134.4	127.6
ROIC (%)	11.2%	11.6%	12.7%	8.6%	9.3%
ROCE (%)	12.3%	14.0%	11.8%	10.8%	11.4%
Return On Average Assets	6.02%	5.85%	5.41%	5.45%	5.81%

Key Drivers

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Commercial Aerospace sales growth	N/A	0.1	0.1	0.1	0.0
Urban Solutions & Satcom sales growth	N/A	0.1	0.5	0.1	0.1
Defence & Public Security sales growth	N/A	0.1	0.1	0.0	0.0

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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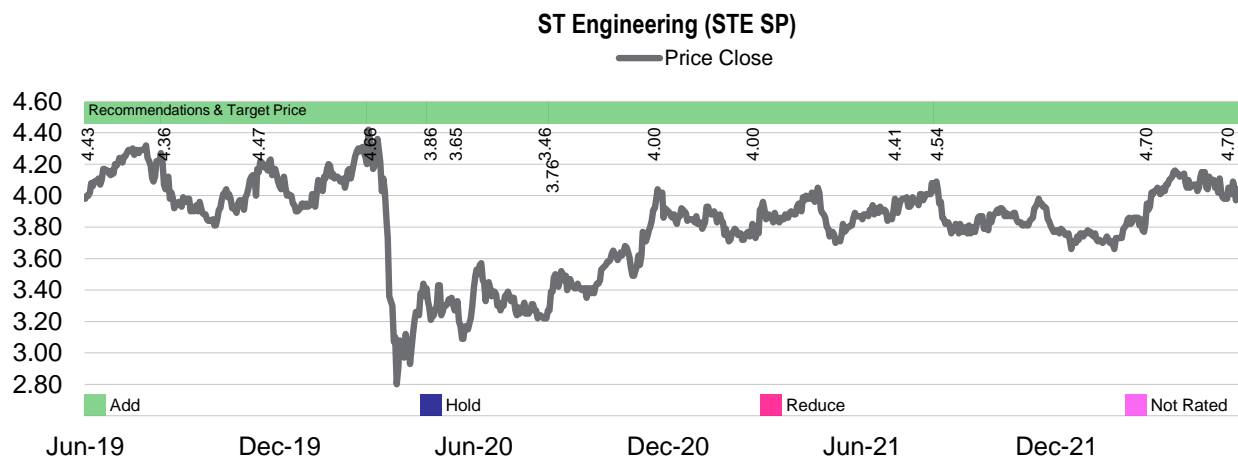
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Distribution of stock ratings and investment banking clients for quarter ended on 31 March 2022		
632 companies under coverage for quarter ended on 31 March 2022		
	Rating Distribution (%)	Investment Banking clients (%)
Add	70.3%	0.8%
Hold	22.0%	0.0%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