

India
HOLD (no change)

Consensus ratings*: Buy 9 Hold 8 Sell 9

Current price:	Rs1,875
Target price: ▲	Rs1,850
Previous target:	Rs1,380
Up/downside:	-1.3%
EIP Research / Consensus:	17.2%
Reuters:	SIEM.NS
Bloomberg:	SIEM IN
Market cap:	US\$9,188m Rs6,67,886m
Average daily turnover:	US\$13.6m Rs985.2m
Current shares o/s:	356.1m
Free float:	25.0%

*Source: Bloomberg

Key changes in this note

- Raise FY21-22F EBITDA by 7-14%
- Raise FY21-22F EPS by 4-7%



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	15.5	37.0	34.2
Relative (%)	8.6	14.6	6.1

Major shareholders

	% held
Promoter (Siemens)	75.0
Life Insurance Corporation	7.5

Analyst(s)

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Siemens Ltd

Potential growth likely priced in

- 1QFY21 PAT was 14% above our estimate on better-than-estimated sales recovery, led by Digital Industries (DI) and higher EBITDA margins.
- Comparable order intake grew by 9.3% yoy led by the DI and Mobility segments, while orders pick-up was slower for the energy segment.
- Reiterate Hold rating, with higher TP of Rs1,850.

Sales recovery better than our estimate, led by DI segment

Siemens 1QFY21 revenues at Rs29bn (+15.9% yoy for continued operations) was 6% above our estimates. Sales growth was led by Digital Industries (DI) (+28% yoy, 17% above our estimate), Energy (+14.4% yoy, 6% above our estimate) and Smart Infrastructure (SI) (+16% yoy, 8% above estimates), while sales were below our estimate (by 15%) for Mobility (-11% yoy) and Portfolio of Companies (18% below our estimate).

Sharp decline in other expenses offset drop in gross margin

1QFY21 EBITDA (+7% yoy) was 10% above our estimate; EBITDA margin stood at 12.4% (-16 bp yoy), vs our estimate of 12%, led by operating leverage and 37% reduction in other expenses which was offset by a 551bp decline in gross margin. The company continues to strive to raise the margin hurdle rate by taking cost take-out measures, and localisation even though pricing is stagnant to decline in the market due to intense competition. EBIT margins for DI (flatish yoy) and Energy (+160 bp yoy) were above our estimates, while margins for Mobility (-231bp yoy) and SI (-229 bp yoy) were below our estimates. PAT (flat yoy) was 14% ahead of our estimate, led by better-than-estimated sales and margin.

DI and mobility segments drove order inflow growth

1QFY21 order inflows (OI) were at Rs32bn (+9.3% yoy for continued operations) aided by growth in the short-cycle DI business and large orders in the Mobility segment. The energy transmission business slowed due to delays in the retendering of tariff-based competitive bidding projects. Order backlog was at Rs128bn (+3% yoy, -1% qoq). Management believed the strong push to infrastructure in the recent budget would have a cascading effect on capex and said it would monitor implementation of various announced initiatives.

Reiterate Hold as potential capex uptick is priced in

Siemens' portfolio would benefit from the capex uptick except for its Energy segment where sales growth could be moderate (contributing 42% to FY21F EBIT). We raise our EPS by 6-7% over FY21-22F, largely on better margins. We roll over earnings to Mar 2023 EPS and raise our TP to Rs1,850 (40x Mar 2023F EPS vs 35x earlier). We expect a strong margins uptick in the DI segment. However, even after factoring in a strong earnings recovery of 20% CAGR over FY21-23F, the stock trades at 44x FY22F with downside risk to our estimates. We reiterate our Hold rating on the stock. Delays in industrial pick-up and margin pressure are downside risks, while better-than-estimated pick-up in OI is an upside risk.

Financial Summary

	Sep-19A	Sep-20A	Sep-21F	Sep-22F	Sep-23F
Revenue (Rsm)	1,27,337	96,606	1,27,387	1,46,710	1,67,462
Operating EBITDA (Rsm)	15,261	10,295	16,431	19,746	22,950
Net Profit (Rsm)	10,994	7,954	11,927	14,563	17,186
Core EPS (Rs)	31.9	22.3	33.5	40.9	48.3
Core EPS Growth	26.0%	(30.0%)	49.9%	22.1%	18.0%
FD Core P/E (x)	60.73	83.94	55.98	45.85	38.85
DPS (Rs)	7.0	7.0	12.0	12.0	13.0
Dividend Yield	0.37%	0.37%	0.64%	0.64%	0.69%
EV/EBITDA (x)	40.49	59.52	36.92	30.36	26.12
P/FCFE (x)	524.48	37.88	191.90	56.29	42.22
Net Gearing	(55.3%)	(58.1%)	(59.7%)	(60.6%)	(54.5%)
P/BV (x)	7.38	7.03	6.51	5.92	5.32
ROE	13.1%	8.6%	12.1%	13.5%	14.4%
% Change In Core EPS Estimates			7.42%	3.74%	
EIP Research/Consensus EPS (x)			1.08	1.09	1.09

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS. PRICED AS AT 15 FEB 2021

Potential growth likely priced in

1QFY21 result overview

Results highlights ►

- In 1QFY21, SIEM reported revenues at Rs29bn (+9% yoy, +15.9% yoy for continued operations), **and was 6% above our estimate of Rs27.3bn (4% above Bloomberg consensus)**.
- Sales growth was led by **Digital Industries (+28% yoy, 17% above our estimates)**, Energy (+14.4% yoy, 6% above estimate) and Smart Infrastructure (+16% yoy, 8% above estimates), while sales were below our estimates for Mobility (-11% yoy, 15% below our estimate) and Portfolio of Companies (18% below estimate).
- EBITDA at Rs3.6bn (+7% yoy, +13% for continued operation) was 10% above our estimate of Rs3.3bn (14% above Bloomberg consensus); **EBITDA margin stood at 12.4% (-16bp yoy), above our estimate of 12% (and Bloomberg consensus estimate of 11.2%)**, led by operating leverage and 37% reduction in other expenses (could have forex gain) which were offset by a 551bp decline in gross margin. However, Siemens has a history of volatile quarterly margin performance.
- EBIT margins for Digital Industries at 10.4% (flattish yoy) and Energy (+160 bp yoy) were above our estimates. Margins for Mobility at 9% (-231bp yoy), Smart Infrastructure at 7.5% (-229bp yoy) and Portfolio of Companies at 5.3% (flat yoy) were below our estimates.
- Other income at Rs570m (-33% yoy) was 26% below our estimates.
- Tax rate stood at 25.7% vs our estimate of 26.5%.
- **Core PAT at Rs2.62bn (flat yoy) was 14% above our estimate (7% above Bloomberg consensus) led by better-than-estimated sales and margins.**

Order inflow and order backlog ►

- 1QFY21 order inflows were at Rs32bn (flat yoy, +9.3% yoy for continued operations), aided by growth in short-cycle digital business and large order in the Mobility segment. The energy transmission business slowed due to delays in retendering of tariff-based competitive bidding projects.
- Order backlog was at Rs128bn (+3% yoy, -1% qoq).

Figure 1: Quarterly financials

Rs m	1QFY21	1QFY20	YoY (%)	4QFY20	QoQ (%)	FY20	FY19	YoY (%)
Total Revenues	29,011	26,686	8.7	35,190	(17.6)	98,694	1,30,005	(24.1)
Raw material cost	-19,802	-16,744	18.3	-23,869	(17.0)	-63,207	-87,561	(27.8)
Employee expenses	-3,968	-3,961	0.2	-3,908	1.5	-15,404	-15,475	(0.5)
Other Expenses	-1,630	-2,616	(37.7)	-2,884	(43.5)	-10,180	-11,854	(14.1)
EBITDA	3,611	3,365	7.3	4,529	(20.3)	9,903	15,115	(34.5)
Other income	570	855	(33.3)	614	(7.2)	3,099	3,940	(21.3)
EBIT	3,565	3,609	(1.2)	4,513	(21.0)	10,498	17,075	(38.5)
Interest income/(expenses)	(35)	-77	(54.5)	-58	(39.7)	-292	-112	160.7
Depreciation	-616	-611	0.8	-630	(2.2)	-2,504	-1,980	26.5
PBT	3,530	3,532	(0.1)	4,455	(20.8)	10,206	16,963	(39.8)
Tax	-908	-905	0.3	-1,124	(19.2)	-2,632	-5,732	(54.1)
Reported PAT	2,622	2,627	(0.2)	3,331	(21.3)	7,574	11,231	(32.6)
Extraordinary items	-	-	-	-	-	-	-	-
Adjusted PAT	2,622	2,627	(0.2)	3,331	(21.3)	7,574	11,231	(32.6)
Key ratios (%)								
Raw material / Sales	68.3	62.7	551 bps	67.8	43 bps	64.0	67.4	-331 bps
Employee expenses / Sales	13.7	14.8	-117 bps	11.1	257 bps	15.6	11.9	370 bps
Other expenses / Sales	5.6	9.8	-418 bps	8.2	-258 bps	10.3	9.1	120 bps
EBITDA Margin (%)	12.4	12.6	-16 bps	12.9	-42 bps	10.0	11.6	-159 bps
PBT Margin	12.4	13.5	-118 bps	13.0	-67 bps	10.7	13.4	-276 bps
Tax rate	25.7	25.6	10 bps	25.2	49 bps	25.8	33.8	-800 bps
PAT margin	9.2	10.1	-89 bps	9.7	-56 bps	7.9	8.9	-97 bps
Core EPS (Rs)	7.4	7.4		9.4		21.3	31.5	
Order details (Rs m)								
Booking	32,060	32,196	(0.4)	32,200	(0.4)	1,11,209	1,32,380	(16.0)
Backlog	1,27,970	1,24,300	3.0	1,29,396	(1.1)	1,29,396	1,18,790	8.9

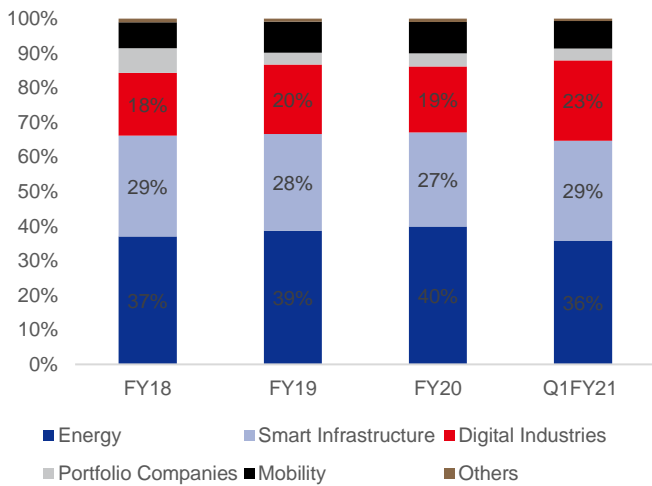
SOURCES: EIP RESEARCH, COMPANY REPORTS

Figure 2: Segment financials

Revenues (Rs m)	1QFY21	1QFY20	YoY (%)	4QFY20	QoQ (%)	FY20	FY19	YoY (%)
Energy	10,169	8,886	14.4	15,830	(35.8)	40,529	51,736	(21.7)
Smart Infrastructure	8,821	7,590	16.2	9,208	(4.2)	27,635	37,387	(26.1)
Digital Industries	7,699	6,001	28.3	6,328	21.7	19,415	26,874	(27.8)
Portfolio Companies	936	2,484	(62.3)	1,276	(26.6)	3,843	4,595	(16.4)
Mobility	1,864	2,085	(10.6)	3,010	(38.1)	8,443	11,203	(24.6)
Others	184	157	17.2	297	(38.0)	966	1,191	(18.9)
Total segment revenue	29,673	27,203	9.1	35,949	(17.5)	1,00,831	1,32,986	(24.2)
less: intersegment revenue	662	517	28.0	759	(12.8)	2,137	2,981	(28.3)
Net Sales	29,011	26,686	8.7	35,190	(17.6)	98,694	1,30,005	(24.1)
EBIT(Rs m)								
Energy	1,277	974	31.1	1,921	(33.5)	4,014	6,949	(42.2)
Smart Infrastructure	663	744	(10.9)	974	(31.9)	1,013	3,545	(71.4)
Digital Industries	802	630	27.3	499	60.7	1,156	1,648	(29.9)
Portfolio Companies	50	132	(62.1)	109	(54.1)	200	-373	(153.6)
Mobility	168	236	(28.8)	414	(59.4)	953	1,126	(15.4)
Others	35	38	(7.9)	-18	(294.4)	63	240	(73.8)
Total	2,995	2,754	8.8	3,899	(23.2)	7,399	13,135	(43.7)
Segment EBIT margin (%)								
Gas and Power	12.6%	11.0%	160 bps	12.1%	42 bps	9.9%	13.4%	-353 bps
Smart Infrastructure	7.5%	9.8%	-229 bps	10.6%	-306 bps	3.7%	9.5%	-582 bps
Digital Industries	10.4%	10.5%	-8 bps	7.9%	253 bps	6.0%	6.1%	-18 bps
Portfolio Companies	5.3%	5.3%	3 bps	8.5%	-320 bps	5.2%	-8.1%	1332 bps
Mobility	9.0%	11.3%	-231 bps	13.8%	-474 bps	11.3%	10.1%	124 bps
Others	19.0%	24.2%	-518 bps	-6.1%	2508 bps	6.5%	20.2%	-1363 bps
Total EBIT margin	10.1%	10.1%	-3 bps	10.8%	-75 bps	7.3%	9.9%	-254 bps

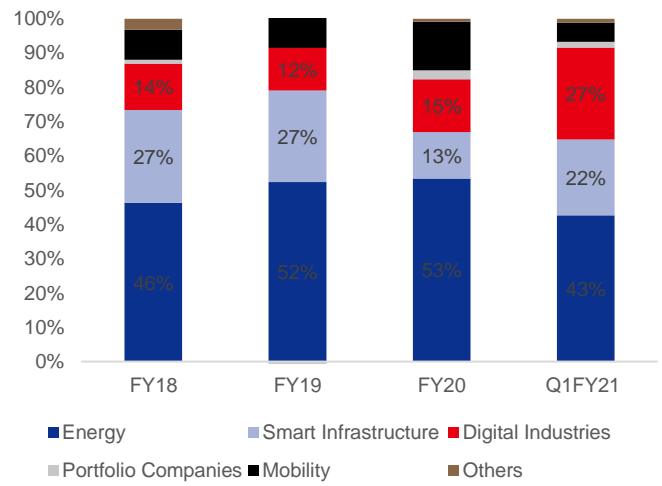
SOURCES: EIP RESEARCH, COMPANY REPORTS

Figure 3: Segment-wise revenue share



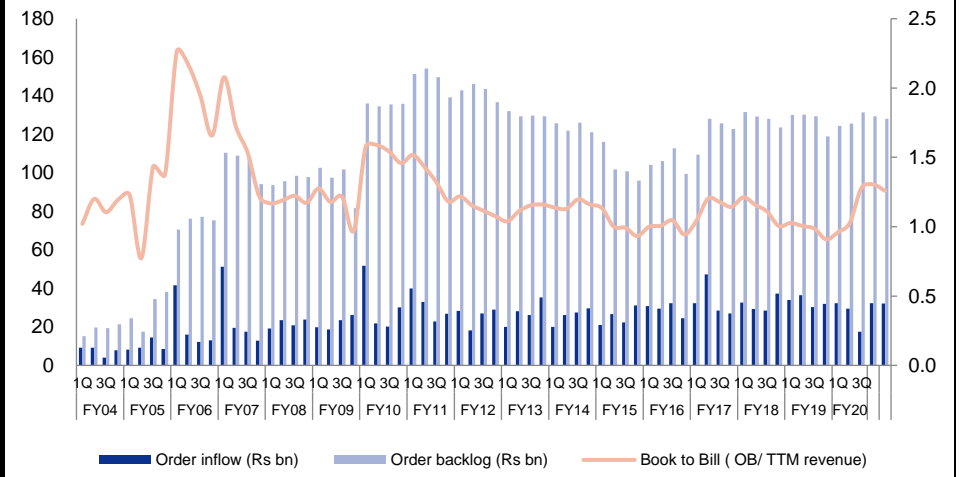
SOURCES: EIP RESEARCH, COMPANY REPORTS

Figure 4: Segment-wise EBIT share



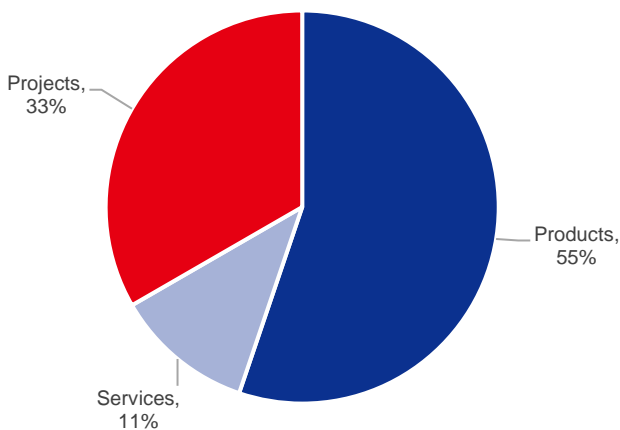
SOURCES: EIP RESEARCH, COMPANY REPORTS

Figure 5: Order backlog stood at Rs128bn (1.3x trailing 12-month sales) at end-1QFY21



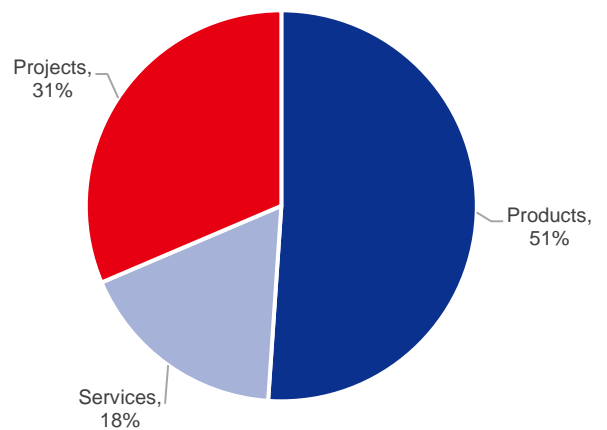
SOURCES: EIP RESEARCH, COMPANY REPORTS

Figure 6: CY19 revenue split between products, services and projects



SOURCES: EIP RESEARCH, COMPANY REPORTS

Figure 7: CY20 revenue split between products, services and projects



SOURCES: EIP RESEARCH, COMPANY REPORTS

Figure 8: Earnings revisions

(Rs m)	Old estimates			New estimates			Change (%)		
	2021F	2021F	2022F	2021F	2022F	2023F	2021F	2022F	2023F
Revenue	1,27,808	1,44,997	1,71,303	1,30,938	1,50,404	1,71,303	2.4%	3.7%	NA
EBITDA	14,422	18,385	22,950	16,431	19,746	22,950	13.9%	7.4%	NA
Core PAT	11,102	14,038	17,186	11,927	14,563	17,186	7.4%	3.7%	NA

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

Figure 9: One-year forward P/E

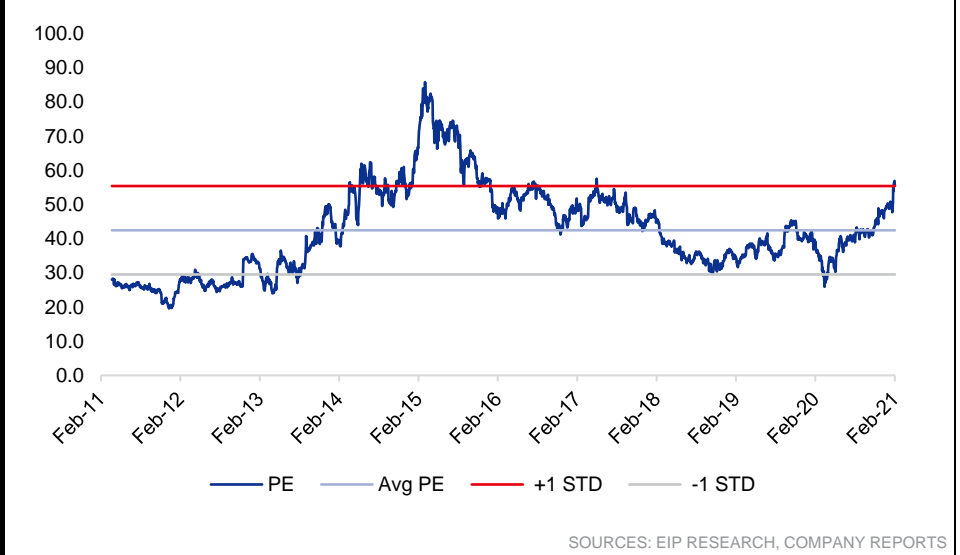
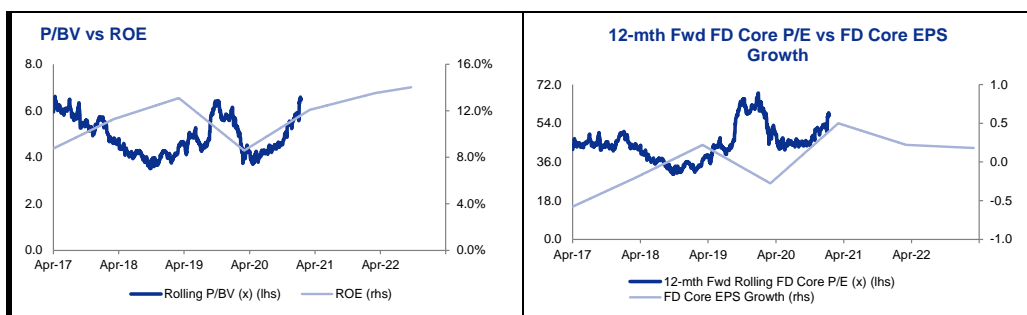


Figure 10: Peer comparison

Company	Bloomberg Ticker	Recom.	Price Rs	TP Rs	Mkt cap (US\$ m)	P/E (x)			P/BV (x)			EV/EBITDA (x)			Dividend Yield (%)		
						FY21F	FY22F	FY23F	FY21F	FY22F	FY23F	FY21F	FY22F	FY23F	FY21F	FY22F	FY23F
ABB India	ABB IN	Reduce	1,422	1,260	4,242	176	68	53	8.4	7.7	6.9	107	48	37	0.4	0.4	0.4
Bharat Heavy Electricals	BHEL IN	Hold	39	30	1,852	-14	51	17	0.5	0.5	0.5	-13	18	10	0.0	0.0	0.0
Cummins India	KKC IN	Hold	774	710	2,945	36	29	25	4.8	4.6	4.2	34	26	22	1.7	2.2	2.2
Larsen & Toubro	LT IN	Add	1,566	1,500	30,191	36	26	22	2.9	2.7	2.5	23	19	17	1.2	1.3	1.6
Siemens India	SIEM IN	Hold	1,847	1,850	9,053	85	56	46	6.9	6.4	5.9	60	37	31	0.4	0.6	0.6
Thermax	TMX IN	Reduce	1,154	1,130	1,889	54	40	31	4.1	3.9	3.5	34	25	20	0.7	0.7	0.9
Voltas	VOLT IN	Hold	1,080	770	4,902	80	51	45	7.9	7.2	6.5	72	42	37	0.5	0.5	0.6
Bharat Electronics	BHE IN	Add	141	120	4,613	22	18	16	3.2	2.9	2.6	15	12	11	1.7	2.1	2.3
Bharat Dynamics	BDL IN	Hold	337	325	864	18	16	10	2.2	2.0	1.8	11	10	5	2.2	2.5	4.0
Hindustan Aeronautics	HNAL IN	Add	994	850	4,662	15	14	13	2.3	2.1	1.9	9	8	7	2.6	2.9	3.1

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG

BY THE NUMBERS

Profit & Loss

(Rs mn)	Sep-19A	Sep-20A	Sep-21F	Sep-22F	Sep-23F
Total Net Revenues	1,30,839	99,724	1,30,938	1,50,404	1,71,303
Gross Profit	42,786	36,100	43,209	49,633	57,044
Operating EBITDA	15,261	10,295	16,431	19,746	22,950
Depreciation And Amortisation	(1,989)	(2,521)	(2,868)	(3,051)	(3,207)
Operating EBIT	13,272	7,774	13,563	16,695	19,742
Financial Income/(Expense)	(115)	(295)	(292)	(292)	(292)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	3,984	3,149	2,956	3,411	3,930
Profit Before Tax (pre-EI)	17,141	10,628	16,227	19,814	23,380
Exceptional Items					
Pre-tax Profit	17,141	10,628	16,227	19,814	23,380
Taxation	(5,785)	(2,674)	(4,300)	(5,251)	(6,196)
Exceptional Income - post-tax	(362)				
Profit After Tax	10,994	7,954	11,927	14,563	17,185
Minority Interests					1
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	10,994	7,954	11,927	14,563	17,186
Recurring Net Profit	11,356	7,954	11,927	14,563	17,186
Fully Diluted Recurring Net Profit	11,356	7,954	11,927	14,563	17,186

Cash Flow

(Rs mn)	Sep-19A	Sep-20A	Sep-21F	Sep-22F	Sep-23F
EBITDA	15,261	10,295	16,431	19,746	22,950
Cash Flow from Invt. & Assoc.	1,333	88	(204)	68	431
Change In Working Capital	4,963	(1,095)	(7,688)	(4,254)	(3,079)
(Incr)/Decr in Total Provisions	388	354			
Other Non-Cash (Income)/Expense	1,989	2,521	2,868	3,051	3,207
Other Operating Cashflow	(5,020)	(1,935)	(2,664)	(3,119)	(3,638)
Net Interest (Paid)/Received	(115)	(295)	(292)	(292)	(292)
Tax Paid	(6,185)	(3,004)	(4,300)	(5,251)	(6,196)
Cashflow From Operations	12,614	6,929	4,151	9,950	13,383
Capex	(1,003)	(180)	(3,077)	(1,500)	(1,500)
Disposals Of FAs/subsidiaries	861	78			
Acq. Of Subsidiaries/investments			(550)		
Other Investing Cashflow	(11,199)	8,811	2,956	3,411	3,930
Cash Flow From Investing	(11,341)	8,709	(671)	1,911	2,430
Debt Raised/(repaid)		1,987			
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(3,005)	(3,005)	(4,272)	(4,272)	(4,628)
Preferred Dividends					
Other Financing Cashflow	(110)	(305)	(292)	(292)	(292)
Cash Flow From Financing	(3,115)	(1,323)	(4,564)	(4,564)	(4,920)
Total Cash Generated	(1,842)	14,315	(1,085)	7,297	10,893
Free Cashflow To Equity	1,273	17,625	3,479	11,861	15,813
Free Cashflow To Firm	1,388	15,933	3,771	12,153	16,105

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet					
(Rs mn)	Sep-19A	Sep-20A	Sep-21F	Sep-22F	Sep-23F
Total Cash And Equivalents	50,019	57,096	63,204	70,350	70,351
Total Debtors	38,841	32,226	38,390	44,214	50,468
Inventories	11,197	11,152	12,215	14,068	16,058
Total Other Current Assets	38,309	38,725	38,499	44,339	51,069
Total Current Assets	1,38,366	1,39,199	1,52,308	1,72,971	1,87,946
Fixed Assets	16,582		17,088	15,537	13,830
Total Investments			550	550	550
Intangible Assets					
Total Other Non-Current Assets	2,442	2,524	2,481	2,481	2,481
Total Non-current Assets	19,024		20,119	18,568	16,861
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	51,305	51,670	50,257	57,880	66,067
Other Current Liabilities	11,784	12,012	12,739	14,378	18,086
Total Current Liabilities	63,089	63,682	62,995	72,258	84,153
Total Long-term Debt		1,987	1,987	1,987	1,987
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
Total Non-current Liabilities		1,987	1,987	1,987	1,987
Total Provisions					
Total Liabilities	63,089	65,669	64,982	74,245	86,140
Shareholders Equity	90,494	94,920	1,02,575	1,12,866	1,25,424
Minority Interests					
Total Equity	90,494	94,920	1,02,575	1,12,866	1,25,424

Key Ratios					
	Sep-19A	Sep-20A	Sep-21F	Sep-22F	Sep-23F
Revenue Growth	3.0%	(24.1%)	31.9%	15.2%	14.1%
Operating EBITDA Growth	15.0%	(32.5%)	59.6%	20.2%	16.2%
Operating EBITDA Margin	12.0%	10.7%	12.9%	13.5%	13.7%
Net Cash Per Share (Rs)	140.50	154.80	171.96	192.03	192.03
BVPS (Rs)	254.20	266.63	288.13	317.04	352.31
Gross Interest Cover	115.41	26.35	46.45	57.18	67.61
Effective Tax Rate	33.7%	25.2%	26.5%	26.5%	26.5%
Net Dividend Payout Ratio	22.0%	31.3%	35.8%	29.3%	26.9%
Accounts Receivables Days	106.44	130.06	98.42	100.23	100.87
Inventory Days	47.05	64.11	48.61	47.60	48.12
Accounts Payables Days	208.60	295.37	212.04	195.84	197.97
ROIC (%)	19.1%	12.9%	43,343.0%	26.9%	30.0%
ROCE (%)	15.3%	8.3%	13.5%	15.2%	16.3%
Return On Average Assets	7.6%			8.1%	8.8%

Key Drivers					
	Sep-19A	Sep-20A	Sep-21F	Sep-22F	Sep-23F
Revenues	1,30,839	99,465	1,30,938	1,50,404	1,71,303
yoy growth (%)	3	(24)	32	15	14
EBIT	13,135	7,399	13,563	16,695	19,742
EBIT margins (%)	10	7	10	11	12
Order inflow	1,32,377	1,07,518	1,37,410	1,58,021	1,81,845
yoy growth (%)	4	(19)	28	15	15
Order backlog	1,18,790	1,26,843	1,33,315	1,40,933	1,51,474
yoy growth (%)	(4)	7	5	6	7
Bill to Book ratio (x)	1	1	1	1	1

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

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Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2019, Anti-Corruption 2019

ADVANC – Excellent, Certified, **AEONTS** – Good, n/a, **AH** – Very Good, n/a, **AMATA** – Excellent, Declared, **ANAN** – Excellent, Declared, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Very Good, Certified, **BAM** – not available, n/a, **BANPU** – Excellent, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – Good, Certified, **BGP** – Excellent, Certified, **BPCG** – Excellent, Certified, **BDMS** – Very Good, n/a, **BEAUTY** – Good, n/a, **BEC** – Very Good, n/a, **BGRIM** – Very Good, Declared, **BH** – Good, n/a, **BJC** – Very Good, n/a, **BJCHI** – Very Good, Certified, **BLA** – Very Good, Certified, **BPP** – Very Good, Declared, **BR** – Good, n/a, **BTS** – Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – Good, n/a, **CENDEL** – Very Good, Certified, **CHAYO** – Good, n/a, **CHG** – Very Good, Declared, **CK** – Excellent, n/a, **COL** – Excellent, Declared, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** – Excellent, Certified, **CPNREIT** – not available, n/a, **CRC** – not available, n/a, **DELTA** – Excellent, Declared, **DEMCO** – Excellent, Certified, **DDD** – Very Good, n/a, **DIF** – not available, n/a, **DREIT** – not available, n/a, **DTAC** – Excellent, Certified, **EA** – Excellent, n/a, **ECL** – Very Good, Certified, **EGCO** – Excellent, Certified, **EPG** – Very Good, n/a, **ERW** – Very Good, n/a, **GFPT** – Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Very Good, n/a, **GLOW** – Very Good, Certified, **GPSC** – Excellent, Certified, **GULF** – Very Good, n/a, **GUNKUL** – Excellent, Certified, **HANA** – Excellent, Certified, **HMPRO** – Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Declared, **III** – Excellent, n/a, **INTUCH** – Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** – Excellent, Certified, **JASIF** – not available, n/a, **BJC** – Very Good, n/a, **JMT** – Very Good, n/a, **KBANK** – Excellent, Certified, **KCE** – Excellent, Certified, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** – Excellent, Certified, **KTC** – Excellent, Certified, **LH** – Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MACO** – Very Good, n/a, **MAJOR** – Very Good, n/a, **MAKRO** – Excellent, Certified, **MALEE** – Excellent, Certified, **MC** – Excellent, Certified, **MCOT** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** – Excellent, Certified, **MK** – Very Good, n/a, **MTC** – Excellent, n/a, **NETBAY** – Very Good, n/a, **OSP** – Very Good, n/a, **PLANB** – Excellent, Certified, **PLAT** – Very Good, Certified, **PR9** – Excellent, n/a, **PSH** – Excellent, Certified, **PSTC** – Very Good, Certified, **PTT** – Excellent, Certified, **PTTEP** – Excellent, Certified, **PTTGC** – Excellent, Certified, **QH** – Excellent, Certified, **RATCH** – Excellent, Certified, **ROBINS** – Excellent, Certified, **RS** – Excellent, n/a, **RSP** – not available, n/a, **S** – Excellent, n/a, **SAPPE** – Very Good, Declared, **SAT** – Excellent, Certified, **SAWAD** – Very Good, n/a, **SC** – Excellent, Certified, **SCB** – Excellent, Certified, **SCC** – Excellent, Certified, **SCN** – Excellent, Certified, **SF** – Good, n/a, **SHR** – not available, n/a, **SIRI** – Very Good, Certified, **SPA** – Good, n/a, **SPALI** – Excellent, n/a, **SPRC** – Excellent, Certified, **STA** – Very Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Excellent, Certified, **TASCO** – Excellent, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIPCO** – Very Good, Certified, **TISCO** – Excellent, Certified, **TKN** – Very Good, n/a, **TMB** – Excellent, Certified, **TNR** – Very Good, Certified, **TOP** – Excellent, Certified, **TPCH** – Good, n/a, **TPIPP** – Good, n/a, **TRUE** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Declared, **UNIQ** – not available, n/a, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – not available, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

1 CG Score 2019 from Thai Institute of Directors Association (IOD)

2 AGM Level 2018 from Thai Investors Association

3 Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of November 30, 2018) are categorised into:

companies that have declared their intention to join CAC, and companies certified by CAC.

4 The Stock Exchange of Thailand : the record of listed companies with corporate sustainable development "Thai sustainability Investment 2018" included:

SET and mail listed companies passed the assessment conducted by the Stock Exchange of Thailand: THSI (SET) and THSI (mai)

SET listed companies passed the assessment conducted by the Dow Jones Sustainability Indices (DJSI)

Recommendation Framework

Stock Ratings

Definition:

Add	The stock's total return is expected to exceed 10% over the next 12 months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
Reduce	The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.