

India

HOLD (previously ADD)

Consensus ratings*: Buy 2 Hold 0 Sell 0

Current price:	Rs59
Target price:	Rs61
Previous target:	Rs58
Up/downside:	3.4%
InCred Research / Consensus:	-4.7%
Reuters:	IRBN.NS
Bloomberg:	IRBINVIT IN
Market cap:	US\$459m
	Rs34,081m
Average daily turnover:	US\$0.4m
	Rs30.4m
Current shares o/s:	580.5m
Free float:	84.0%

*Source: Bloomberg

Key changes in this note

- Decrease FY22F EBITDA by 7%
- Increase FY23F EBITDA by 2%

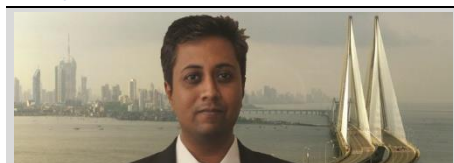


Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	5.8	5.7	40.6
Relative (%)	3.1	(5.2)	(1.6)

Major shareholders	% held
IRB Infrastructure	16.0
Government of Singapore	7.9
Aditya Birla Sun Life Asset Mgmt	6.4

Analyst(s)



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IRB InvIT Fund

Stable earnings but fairly valued

- We feel yield for FY22 is misleading and internal rate of return (IRR) is the key metric to track. We believe IRB InvIT is trading at a reasonable IRR of 11.5%.
- Post 1QFY21, revenue for balance FY21 (excluding Pathankot Amritsar [PA], which was impacted by the farmers' protest) increased 9% yoy.
- Downgrade to Hold from Add earlier with revised TP of Rs61 (Rs58 earlier).

Yield for FY22 is misleading, IRR is the key metric to track

Since its IPO (May 2017), the share price has declined by 42%. However, adjusted for payout, the decline in share price is just 2%. Payout in FY21 was Rs8.5/ unit and we expect payout of Rs12/ unit in FY22. Based on current market price (Rs59), this implies a healthy yield of 14.5%/ 20% in FY21/ FY22F. We believe that the expected high FY22F yield is misleading as the concession period of two projects contributing 51% of IRB InvIT's FY21 EBITDA are expected to end in Apr/ May 2022. We believe IRB InvIT is trading at fair valuations with an IRR of 11.5% with a long-term traffic growth estimate of 4% p.a., in line with 3.8% traffic CAGR over FY18-20. We believe that 11.5% IRR is reasonable considering (a) macro risks which can impact traffic and (b) project specific risks like alternative highway nearby.

Steady FY21 despite 47% yoy revenue decline in 1QFY21

Sales (Rs11bn) / EBITDA (Rs9.4bn) for FY21 declined 10.8%/ 8.8% yoy respectively due to the national lockdown in 1QFY21 and stoppage of toll collection in PA in 2HFY21. While revenue in 1QFY21 declined 47% yoy, revenue for balance FY21 increased 2% yoy. Excluding PA, which was impacted by the farmers' protests, revenue grew 9% yoy for Jul 2020-Mar 2021. For FY22, we expect revenue to grow 28% yoy driven by a return to normalcy, implying 7% revenue CAGR over FY20-22F. Excluding PA, we expect FY22F revenue to grow 23% yoy, implying 8% revenue CAGR over FY20-22F. IRB InvIT has filed claims for cash compensation related to PA and extension of project. Based on CMP and InvIT regulations, IRB InvIT can have debt of up to Rs80bn vs. current net debt of Rs13bn. Thus, we estimate that further acquisitions of up to Rs67bn can be funded via debt, beyond which equity raising would be required.

Downgrade to Hold with revised TP of Rs61 (from Rs58)

We reduce our EBITDA estimate for FY22F by 7% to factor in the delay in pick-up of toll collection at PA and increase our EBITDA estimate for FY23F by 2%. We forecast (a) long-term traffic growth of 4% p.a., in line with the trend over FY18-20 and (b) long-term WPI inflation of 5% p.a. Based on CMP, we believe the stock is trading at fair valuations (IRR of 12.5%). Thus, we downgrade the stock to Hold from Add earlier with a revised DCF-based TP of Rs61 (Rs58 earlier). Our TP includes Rs12/ unit payout estimated in FY22F. Note: CMP of IRB InvIT increased by 40% in the last one year. Key downside risks are (a) a prolonged economic slowdown, and (b) local events like the construction of a parallel road which could negatively affect traffic on IRB InvIT's roads. Higher traffic growth than that witnessed in the last two years is a re-rating catalyst.

Financial Summary

	Mar-19A	Mar-20A	Mar-21A	Mar-22F	Mar-23F
Revenue (Rsm)	11,960	12,373	11,041	13,929	9,039
Operating EBITDA (Rsm)	9,931	10,295	9,385	10,954	6,867
Net Profit (Rsm)	2,165	1,727	1,808	1,282	1,732
Core EPS (Rs)	3.7	3.0	3.1	2.2	3.0
Core EPS Growth	(43.4%)	(20.2%)	4.7%	(29.1%)	35.1%
FD Core P/E (x)	15.74	19.73	18.85	26.58	19.68
DPS (Rs)	12.8	10.5	10.6	12.0	4.4
Dividend Yield	21.83%	17.81%	18.09%	20.46%	7.47%
EV/EBITDA (x)	5.13	4.77	5.03	4.31	6.60
P/FCFE (x)	4.40	4.78	5.84	4.88	10.23
Net Gearing	33.0%	32.5%	30.2%	34.7%	30.3%
P/BV (x)	0.67	0.74	0.78	0.90	0.92
ROE	4.0%	3.5%	4.0%	3.2%	4.6%
% Change In Core EPS Estimates				(38.79%)	13.15%
InCred Research/Consensus EPS (x)				0.61	1.15

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS. PRICED AS AT 03 AUG 2021

Stable earnings but fairly valued

Measures for risk mitigation with traffic volume upside ►

IRB InvIT's assets have a blended traffic track record/ residual life of eight years/ 16 years. The company's toll rates are linked to inflation, protecting its assets from volatility in inflation/interest rates.

Since its IPO (May 2017), the share price declined by 42% from Rs102 at the time of the IPO to Rs59 now. However, during this period, the payout was Rs41.4/ unit. Adjusted for the payout, the decline in share price is just 2%.

Figure 1: Salient features of IRB InvIT's toll road portfolio

Toll road	State	Awarded by	Concession start	Scope	Length (km)	Capex - road only (Rs bn)	Capex per Km constructed (Rs m)	Toll escalation
Surat- Dahisar	Maharashtra/ Gujarat	NHAI	20-Feb-09	4 To 6 Lanes	239	25.4	106.2	WPI
Bharuch- Surat	Gujarat	NHAI	2-Jan-07	2 to 4 or 6 Lanes	65	9.7	148.6	WPI
Jaipur- Deoli	Rajasthan	NHAI	14-Jun-10	2 to 4 Lanes	146	17.3	118.5	3%+40%*WPI
Tumkur- Chitradurg	Karnataka	NHAI	4-Jun-11	4 To 6 Lanes	114	11.4	100.2	3%+40%*WPI
Talegaon- Amravati	Maharashtra	NHAI	3-Sep-10	2 to 4 Lanes	67	8.9	133.8	3%+40%*WPI
Omalur-Salem-Namakkal	Tamil Nadu	NHAI	14-Aug-06	2 to 4 Lanes	69	3.1	44.8	WPI
Pathankot-Amritsar	Punjab	NHAI	31-Dec-10	2 to 4 Lanes	102	14.5	141.1	3%+40%*WPI
Total					802	90.2	112.5	

NOTE: WPI – WHOLESALE PRICE INDEX INFLATION
 SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Yield for FY22 is misleading, IRR is the key metric to track ►

The payout in FY21 was Rs8.5/ unit and we expect a payout of Rs12/ unit in FY22. Based on CMP (Rs59), this implies healthy yields of 14.5%/ 20% in FY21F/ FY22F. We believe that the expected FY22F yield is misleading as the concession periods for Bharuch Surat and Surat Dahisar are expected to end in Apr/ May 2022. These two projects together contributed 52%/ 51% to IRB InvIT's FY21 revenue/ EBITDA.

We believe IRB InvIT is trading at fair valuations with an IRR of 11.5% with long-term traffic growth estimate of 4% p.a., in line with 3.8% traffic CAGR for its projects over FY18-20. Note: Revenue excluding Pathankot Amritsar (PA) grew 9% yoy in Jul 2020-Mar 2021, post the national lockdown of 19 days in 1QFY21. This implies 6-7% yoy traffic growth in Jul 2020-Mar 2021.

We believe that 11.5% IRR is reasonable considering (a) macro risks which can impact traffic and (b) project-specific risks like an alternative highway nearby.

Steady FY21 despite 47% yoy revenue decline in 1QFY21 ►

Sales (Rs11bn) / EBITDA (Rs9.4bn) / PAT + depreciation (Rs7.9bn) for FY21 declined 10.8%/ 8.8%/ 8.1% yoy respectively due to national lockdown in 1QFY21 and stoppage of toll collection in PA.

Figure 2: IRB InvIT's income statement

(Rs bn)	FY20	FY21	yoy growth %
Sales	12.4	11.0	(10.8)
EBITDA	10.3	9.4	(8.8)
EBITDA margin %	83.2	85.0	
Depreciation	6.9	6.1	(11.3)
Interest (external)	1.7	1.5	(12.7)
Tax	0.0	(0.0)	
PAT	1.7	1.8	4.7
PAT + Depreciation	8.6	7.9	(8.1)

SOURCES: INCRED RESEARCH, COMPANY REPORTS

National lockdown for 19 days in Apr 2020: While revenue in 1QFY21 declined 47% yoy, revenue for balance FY21 increased 2% yoy. Further, excluding PA which was impacted by the farmers' protests, revenue grew 9% for the period of Jul 2020-Mar 2021.

For FY22, we expect revenue to grow 28% yoy driven by a return to normalcy, implying 7% revenue CAGR over FY20-22F. Excluding PA, we expect FY22F revenue to grow 23% yoy, implying 8% revenue CAGR over FY20-22F.

Figure 3: Project-wise revenue growth during FY21

(Rs bn)	yoy growth		Balance yoy growth		yoy growth	
	1QFY21	%	FY21	%	FY21	%
IRBSD (Surat- Dahisar)	0.4	(53)	3.0	5	3.4	(9)
IDAAIPL (Bharuch- Surat)	0.3	(46)	2.0	9	2.4	(4)
IJDTPPL (Jaipur- Deoli)	0.2	(35)	0.8	14	1.0	1
ITCTPL (Tumkur- Chitradurg)	0.3	(45)	2.0	12	2.3	(3)
ITATPL (Talegaon- Amravati)	0.1	(42)	0.6	15	0.7	-
MITPL (Omalur-Salem-Namakka)	0.1	(45)	0.6	8	0.7	(5)
IPATRP (Pathankot-Amritsar)	0.2	(51)	0.3	(68)	0.5	(63)
Total	1.7	(47)	9.4	2	11.0	(11)
Total ex Pathankot Amritsar	1.5	(47)	9.1	9	10.6	(5)

SOURCES: INCRED RESEARCH, COMPANY REPORTS

According to IRB InvIT, it is eligible for a 90-day extension in the concession period for most projects due to Covid-19. IRB InvIT decided to reduce investment management (IM) fees from Rs122m in FY20 to Rs59m in FY21.

Figure 4: Tariff revision in IRB InvIT's projects in FY21

	Tariff revision	Effective from
ITCTPL (Tumkur- Chitradurg)	4.1%	Apr-20
ITATPL (Talegaon- Amravati)	4.1%	Apr-20
IJDTPPL (Jaipur- Deoli)	4.1%	Apr-20
IPATRP(Pathankot-Amritsar)	4.1%	Apr-20
IDAAIPL (Bharuch- Surat)	0.4%	Jul-20
IRBSD (Surat- Dahisar)	1.7%	Sep-20
MITPL (Omalur-Salem-Namakka)	0.4%	Sep-20

SOURCES: INCRED RESEARCH, COMPANY REPORTS

Toll collections on PA was stopped for 2HFY21 since Oct 2020 due to the farmers' protest. IRB InvIT has filed claims for cash compensation and extension of the project as per the Force Majeure Clause.

Note: In a separate case against the National Highways Authority of India (NHAI) for extension of Concession Period by 1.4 years and compensation of Rs2.52bn, in Jul 2021, the Arbitration Tribunal announced an award in favour of PA. Upon receipt, IRB InvIT would appropriate the same towards IRB Infra while the extension of the concession period would accrue to IRB InvIT. We believe the extension is positive for IRB InvIT (Rs1.7/ share).

Healthy balance sheet provides room to raise debt to fund acquisitions ➤

FY21 net debt/ EBITDA is 1.4x and EBIT/ interest is 2.2x. InvIT regulations allow debt of up to 70% of the value of its assets. Based on CMP and InvIT regulations, IRB InvIT can have debt of up to Rs80bn vs. current net debt of Rs13bn. Thus, we estimate that further acquisitions of up to Rs67bn can be funded via debt, beyond which equity raising would be required.

The decision to acquire assets from its sponsor (IRB Infra) will require a majority vote from IRB InvIT's shareholders (sponsor is not allowed to vote). Acquisitions may be funded by debt, equity and 10% of cash flow as the payout to investors is sacrosanct (90% of cash flow) and must not be affected by asset purchases.

Figure 5: Balance sheet

(Rs bn)	FY20	FY21	yoy Change
Equity including sub-debt	46.3	43.5	(2.7)
Net external Debt	15.0	13.1	(1.9)
NHAI premium payable	57.3	55.4	(1.9)
Total Liabilities	118.6	112.1	
Net Fixed Assets	60.6	55.7	(4.9)
Premium to NHAI	61.9	59.9	(1.9)
NWC	(3.9)	(3.6)	0.3
Total Assets	118.6	112.1	

SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 6: Key ratios

(x)	FY20	FY21
Net Debt (external) / EBITDA	1.5	1.4
EBIT/ Interest (external)	2.0	2.2
Net Debt (external) / Equity	0.3	0.3
RoCE %	6.1	6.3
RoE %	3.7	4.2
Payout per unit (Rs)	10.0	8.5
PBV		0.8
PE		18.9
EV/EBITDA		5.0

SOURCES: INCRED RESEARCH, COMPANY REPORTS

Downgrade to Hold with DCF-based TP of Rs61 ▶

We reduce our EBITDA estimate for FY22F by 7% to factor in a delay in pick-up of toll collection at PA and increase our EBITDA estimate for FY23F by 2%.

Figure 7: Earnings revisions

(Rs m)	FY22F		FY23F	
	Old	New	Old	New
Sales	14,804	13,929	8,948	9,089
% change		(6)		2
EBITDA	11,823	10,954	6,782	6,917
% change		(7)		2
PAT	2,094	1,282	1,581	1,782
% change		(39)		13
EPS (Rs)	3.6	2.2	2.7	3.1
% change		(39)		13

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

We forecast (a) long-term traffic growth of 4% p.a., in line with the trend over FY18-20 and (b) long-term WPI inflation of 5% p.a. Based on CMP, we believe the stock is trading at fair valuations (IRR of 12.5%). Thus, we downgrade the stock to Hold from Add earlier with a revised DCF-based TP of Rs61 (Rs58 earlier). Note: CMP of IRB InvIT increased by 40% in the last one year.

Considering the finite remaining life of the assets in IRB InvIT's portfolio, we use the DCF method to value its assets. We use a discount rate of 10.9% based on Beta of 1x and target debt/ equity of 1x.

Figure 8: Our target EVs (Mar 2022F) for IRB InvIT's assets

	Target EV Mar 22F (Rs. Bn)	EV/ EBITDA (x)	Remaining Life (years)
Surat- Dahisar	0.6	0.2	0.8
Bharuch- Surat	0.2	0.1	0.7
Jaipur- Deoli	13.6	13.8	19.2
Tumkur- Chitradurg	3.5	8.0	16.2
Talegaon- Amravati	7.6	8.7	15.8
Omair-Salem-Namakal	3.0	3.9	5.4
Pathankot-Amritsar	13.0	16.3	15.6
Total	41.5	4.2	15.8

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 9: DCF-based target price

Particulars	Rs (bn)
Target EV (Mar 22F)	41.5
Net Debt (FY22F)	13.1
Add cash flow (FY22F)	7.0
Equity value	35.4
Target Price (Rs/share)	61

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Infrastructure Investment Trust (InvIT): Reduces risk and increases returns for investors ▶

While units of an InvIT are not debt instruments, risks are lower than in the equity of a road developer.

InvITs mitigate risks for investors:

- By reducing the risk of capex overruns and base traffic estimation. As per the regulations of the Securities and Exchange Board of India, an InvIT is not

allowed to invest more than 10% of its asset value in projects under construction. 80% of its asset value has to be in completed projects.

- Allowing low leverage, as external debt must be less than 70% of its asset value. If the above two conditions are breached due to share price movements, the InvIT has six months (one year with unit holder approval) to meet the above two conditions.
- At least 90% of the special purpose vehicle's (SPV) net distributable cash flow (NDCF) must be distributed to the InvIT and at least 90% of the InvIT's NDCF must be distributed to unit holders.
- Control over acquisition/divestment. The decision to acquire/divest the asset is subject to a vote by the owners of the InvIT, in which the promoter/sponsor is not allowed to participate, and a majority vote is required to proceed with the acquisition/divestment.
- InvIT's sponsor must have a minimum of 15% shareholding for three years after it is listed.

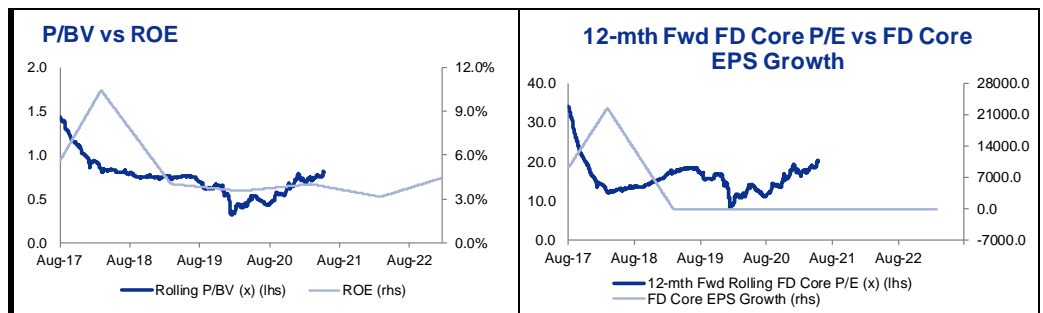
InvIT maximises returns for investors: Returns to unit holders include interest on subordinated debt, principal repayment of subordinated debt and dividends.

- Zero taxes on (a) dividend distribution by the SPV to the trust and by the trust to the unit holder and (b) subordinated debt repayment.
- Domestic/foreign investors are charged withholding taxes of 10%/5% on interest income.

For InvIT, yield is a misnomer and the key metric to monitor is IRR:

- Yield in financial instruments means interest with the implicit assumption of principal repayment at the end of the tenure. The InvIT payout includes interest and principal repayment. InvIT's assets have a finite blended life of 10-15 years.
- The yield in the initial years could be high for an InvIT with a high proportion of mature assets approaching the end of their concession periods.

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-19A	Mar-20A	Mar-21A	Mar-22F	Mar-23F
Total Net Revenues	11,960	12,373	11,041	13,929	9,039
Gross Profit	9,931	10,295	9,385	10,954	6,867
Operating EBITDA	9,931	10,295	9,385	10,954	6,867
Depreciation And Amortisation	(6,405)	(6,853)	(6,081)	(7,747)	(3,001)
Operating EBIT	3,525	3,442	3,304	3,207	3,866
Financial Income/(Expense)	(1,591)	(1,636)	(1,454)	(1,891)	(2,024)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	246	(78)	(42)		
Profit Before Tax (pre-EI)	2,180	1,728	1,808	1,316	1,842
Exceptional Items					
Pre-tax Profit	2,180	1,728	1,808	1,316	1,842
Taxation	(15)	(1)		(34)	(110)
Exceptional Income - post-tax					
Profit After Tax	2,165	1,727	1,808	1,282	1,732
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	2,165	1,727	1,808	1,282	1,732
Recurring Net Profit	2,165	1,727	1,808	1,282	1,732
Fully Diluted Recurring Net Profit	2,165	1,727	1,808	1,282	1,732

Cash Flow

(Rs mn)	Mar-19A	Mar-20A	Mar-21A	Mar-22F	Mar-23F
EBITDA	9,931	10,295	9,385	10,954	6,867
Cash Flow from Invt. & Assoc.					
Change In Working Capital	54	1,135	(284)	19	835
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow					
Net Interest (Paid)/Received	(1,345)	(1,714)	(1,496)	(1,891)	(2,024)
Tax Paid	(15)	(1)		(34)	(110)
Cashflow From Operations	8,625	9,715	7,605	9,049	5,569
Capex					
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(1,021)	(1,993)	(1,933)	(2,058)	(2,238)
Cash Flow From Investing	(1,021)	(1,993)	(1,933)	(2,058)	(2,238)
Debt Raised/(repaid)	137	(594)	165		
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(7,441)	(6,071)	(6,164)	(6,972)	(2,545)
Preferred Dividends					
Other Financing Cashflow	(589)	203	2,377		400
Cash Flow From Financing	(7,893)	(6,462)	(3,621)	(6,972)	(2,145)
Total Cash Generated	(289)	1,260	2,050	19	1,185
Free Cashflow To Equity	7,741	7,128	5,837	6,991	3,330
Free Cashflow To Firm	9,195	9,358	7,126	8,882	5,354

SOURCES: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet					
(Rs mn)	Mar-19A	Mar-20A	Mar-21A	Mar-22F	Mar-23F
Total Cash And Equivalents	647	1,907	3,958	3,977	5,849
Total Debtors					
Inventories					
Total Other Current Assets	1,156	1,156	1,156	1,137	302
Total Current Assets	1,804	3,063	5,114	5,114	6,150
Fixed Assets	70,694	65,144	60,251	54,561	52,762
Total Investments					
Intangible Assets					
Total Other Non-Current Assets					
Total Non-current Assets	70,694	65,144	60,251	54,561	52,762
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors					
Other Current Liabilities	3,889	5,024	4,740	4,740	4,740
Total Current Liabilities	3,889	5,024	4,740	4,740	4,740
Total Long-term Debt	17,523	16,929	17,094	17,094	17,094
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
Total Non-current Liabilities	17,523	16,929	17,094	17,094	17,094
Total Provisions					
Total Liabilities	21,412	21,953	21,834	21,834	21,834
Shareholders Equity	51,085	46,254	43,531	37,841	37,078
Minority Interests					
Total Equity	51,085	46,254	43,531	37,841	37,078

Key Ratios					
	Mar-19A	Mar-20A	Mar-21A	Mar-22F	Mar-23F
Revenue Growth	3.4%	3.5%	(10.8%)	26.2%	(35.1%)
Operating EBITDA Growth	5.3%	3.7%	(8.8%)	16.7%	(37.3%)
Operating EBITDA Margin	83.0%	83.2%	85.0%	78.6%	76.0%
Net Cash Per Share (Rs)	(29.07)	(25.88)	(22.63)	(22.60)	(19.37)
BVPS (Rs)	88.00	79.68	74.99	65.19	63.87
Gross Interest Cover	2.22	2.10	2.27	1.70	1.91
Effective Tax Rate	0.7%	0.1%		2.6%	5.9%
Net Dividend Payout Ratio	343.6%	351.5%	340.8%	543.8%	146.9%
Accounts Receivables Days					
Inventory Days					
Accounts Payables Days					
ROIC (%)	4.9%	5.1%	5.4%	5.7%	7.6%
ROCE (%)	5.0%	5.2%	5.3%	5.5%	7.1%
Return On Average Assets	5.0%	4.8%	4.9%	5.1%	6.3%

Key Drivers					
	Mar-19A	Mar-20A	Mar-21A	Mar-22F	Mar-23F
Toll revenue growth (%)	3.4%	3.5%	(10.8%)	26.2%	(35.1%)
EBITDA growth (%)	5.3%	3.7%	(8.8%)	16.7%	(36.9%)

SOURCES: INCRED RESEARCH, 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 2020, Anti-Corruption 2020

ADVANC – Excellent, Certified, **AMATA** – Excellent, Certified, **ANAN** – Excellent, n/a, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Excellent, n/a, **AU** – Good, n/a, **BAM** – Very Good, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – Good, Certified, **BCP** - Excellent, Certified, **BCPG** – Excellent, Certified, **BDMS** – Excellent, n/a, **BEAUTY** – Good, n/a, **BH** - Good, n/a, **BJC** – Very Good, n/a, **BLA** – Excellent, 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** – Very Good, Certified, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** - Excellent, Certified, **CPNREIT** – n/a, n/a, **CRC** – Very Good, n/a, **DELTA** - Excellent, Certified, **DDD** – Very Good, n/a, **DIF** – n/a, n/a, **DOHOME** – Very Good, n/a, **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** – Very Good, n/a, **HANA** - Excellent, Certified, **HMPRO** - Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Certified, **III** – Excellent, n/a, **INTUCH** - Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** - Excellent, Certified, **JASIF** – n/a, n/a, **JKN** – Excellent, Declared, **JMT** – Very Good, Declared, **KBANK** - Excellent, Certified, **KCE** - Excellent, Certified, **KEX** – n/a, n/a, **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** – n/a, n/a, **OR** – n/a, n/a, **ORI** – Excellent, Certified, **OSP** – Very Good, n/a, **PLANB** – Excellent, Certified, **PRINC** – Very Good, Certified, **PR9** – Excellent, n/a, **PSH** – Excellent, Certified, **PTT** - Excellent, Certified, **PTTEP** - Excellent, Certified, **PTTGC** - Excellent, Certified, **QH** – Excellent, Certified, **RBF** – Good, n/a, **RS** – Excellent, n/a, **RSP** – Good, n/a, **S** – Excellent, n/a, **SAK** – n/a, n/a, **SAPPE** – Very Good, Certified, **SAWAD** – Very Good, n/a, **SCB** - Excellent, Certified, **SCC** – Excellent, Certified, **SCGP** – n/a, n/a, **SHR** – Very Good, n/a, **SIRI** – Excellent, Certified, **SPA** – Very Good, n/a, **SPALI** - Excellent, Declared, **SPRC** – Excellent, Certified, **SSP** - Good, Declared, **STEC** – n/a, n/a, **SVI** – Excellent, Certified, **SYNEX** – Very Good, n/a, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIDLOR** – n/a, n/a, **TISCO** - Excellent, Certified, **TKN** – Very Good, n/a, **TMB** - Excellent, Certified, **TOP** - Excellent, Certified, **TRUE** – 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 2020 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 January 30, 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.