

India
ADD (previously HOLD)

Consensus ratings*: Buy 10 Hold 8 Sell 12

Current price:	Rs4,101
Target price:	Rs4,720
Previous target:	Rs5,705
Up/downside:	15.1%
InCred Research / Consensus:	2.7%

Reuters:	LTEH.NS
Bloomberg:	LTTS IN
Market cap:	US\$5,659m
	Rs432,830m
Average daily turnover:	US\$22.0m
	Rs1682.9m
Current shares o/s:	105.7m
Free float:	26.0%

*Source: Bloomberg

Key changes in this note

- Lower FY22-24F revenue CAGR by 0.7%.
- Retain FY22-24F PAT CAGR.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(15.9)	(14.7)	61.1
Relative (%)	(15.7)	(13.8)	34.8

Major shareholders	% held
FPI	7.1
MF	4.5
LIC	2.2

Analyst(s)

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L&T Technology Services Ltd

Most of the negatives likely priced in

- FY23F revenue guidance of 13.5-15.5% appears conservative.
- 4QFY22 EBITM was resilient, despite headwinds, and guidance was better.
- Robust deal-win momentum improves revenue visibility. Upgrade rating to Add.

Most of the negatives may have been priced in

L&T Technology Services' (LTTS) 4QFY22 performance was largely in line with expectations while deal wins were robust with an US\$100m+ deal. FY23F constant currency (CC) revenue guidance (13.5%-15.5%) appears muted but commentary suggests its conservative and that beat and upgrade may continue, like in FY22. Across segments, transportation (including sub-segment) outlook is bullish, likely steady growth for plant engineering, some temporary impact on industrial product business but a healthy pipeline to translate into better growth, a gradual improvement qoq in telecom & hi-tech led by deal ramp-up, and growth pick-up as well as better performance in medical segment vs. FY22. Overall commentary was encouraging and the recent correction in share price indicates that most of the negatives may have been priced in.

Second US\$100m+ deal after 3QFY21

LTTS signed one US\$100m+ deal, one US\$25m+ deal and four deals - each over US\$10m+ in 4QFY22. Although the number of large deals was lower yoy (20 vs. 30 in FY21), LTTS signed its second US\$100m deal while commentary suggests the deal pipeline is the highest-ever. Ramp-up of deals won, and conversion of pipeline could help the beat and revenue upgrade cycle. That said, we trim our FY22-24F US\$ revenue CAGR assumption by 0.7% to 17.5% to account for potential client-specific challenges amid the current uncertain macro.

Resilient margins despite onsite shift and wage interventions

4QFY22 EBIT margin was flat QoQ at 18.6% as headwinds due to wage interventions for niche skills, higher QoQ onshore mix and lower QoQ utilization were offset by tailwinds from operational efficiency and currency depreciation. LTTS aims to sustain 18%+ EBIT margin in FY23F (18.3% in FY22) led by growth leverage and utilization improvement while higher wage inflation, rise in travel costs and organic investments would be key headwinds. Consequently, we retain our FY23F-24F average EBIT margin estimate of 18.2%.

Upgrade our rating on LTTS to Add given better entry point

We upgrade LTTS' rating to Add (from Hold) as we feel the negatives are largely priced in but trimming of PE/G multiple leads to a cut in our target price to Rs4,720 vs. Rs5,705 earlier. Valuation multiple cut (to 1.7x vs. 2.1x earlier) is to factor in the uncertain macro and drives a cut in implied P/E to 35.6x vs. 44x earlier. Strong long-term prospects in ER&D services, sustained cash generation, net cash (Rs204/share) and average payout ratio of 35%+ provide cushion to our view. Client-specific problems, EBIT margin compression due to challenges in large verticals, and high employee attrition are key downside risks.

Financial Summary

	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Revenue (Rsm)	56,191	54,497	65,697	79,633	93,580
Operating EBITDA (Rsm)	11,288	10,074	14,149	16,882	19,933
Net Profit (Rsm)	8,185	7,188	9,570	11,681	14,001
Core EPS (Rs)	79.2	68.1	90.6	110.5	132.5
Core EPS Growth	9.2%	(14.1%)	33.1%	22.0%	19.9%
FD Core P/E (x)	52.93	60.24	45.27	37.11	30.96
DPS (Rs)	21.0	22.0	35.0	44.2	53.0
Dividend Yield	0.57%	0.53%	0.85%	1.08%	1.29%
EV/EBITDA (x)	37.95	41.66	29.47	24.26	20.23
P/FCFE (x)	89.25	34.63	57.96	43.31	43.13
Net Gearing	(17.9%)	(38.6%)	(39.2%)	(49.3%)	(53.3%)
P/BV (x)	15.64	12.46	10.41	8.91	7.60
ROE	31.9%	23.0%	25.1%	25.9%	26.5%
% Change In Core EPS Estimates			1.77%	2.18%	1.88%
InCred Research/Consensus EPS (x)				1.00	1.01

SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 1: Quarterly performance

YE Mar (Rs m)	4QFY22	4QFY21	YoY (%)	3QFY22	QoQ (%)	4QFY22E	Var. (%)
Revenue (USD m)	232.0	198	17.5	225	3.1	234.1	(0.9)
Net sales (Rs m)	17,561	14,405	21.9	16,875	4.1	17,606	(0.3)
USD-INR realization	75.7	72.9	3.8	75.0	1.0	75.2	0.7
EBITDA	3,805	2,931	29.8	3,674	3.6	3,820	(0.4)
EBITDA Margin (%)	21.7	20.3	132 bp	21.8	(10 bp)	21.7	(3 bp)
EBIT	3,274	2,391	36.9	3,144	4.1	3,257	0.5
EBIT Margin (%)	18.6	16.6	205 bp	18.6	1 bp	18.5	14 bp
Depreciation	531	540	(1.7)	530	0.2	563	(5.7)
Total other income	314	221	42.1	259	21.2	351	(10.5)
PBT	3,588	2,612	37.4	3,403	5.4	3,608	(0.5)
Provision for tax	956	659	45.1	907	5.4	960	(0.4)
% Tax rate	26.6	25.2	141 bp	26.7	(1 bp)	26.6	4 bp
Net Profit	2,620	1,945	34.7	2,488	5.3	2,640	(0.8)
EPS (Rs)	24.8	18.4	34.5	23.6	5.2	25.0	(0.9)

SOURCES: INCRED RESEARCH, COMPANY REPORTS

Key conference call take-aways

- Transportation vertical's growth was driven by all three sub-segments - auto, aero and off-highways. LTTS won two large deals in 4QFY22 with one being US\$100m+ from Jaunt Air Mobility. LTTS will be strategic engineering partner; will set up engineering centre in Canada and will leverage Chennai centre to provide engineering support, flight control systems, battery management, power electronics, cockpit display, etc. LTTS also won a US\$25m+ deal with a new-age company focused on autonomous and self-driving cars. The company has a good pipeline of deals in electrification, connectivity, and autonomous - especially on the software side - which in turn drives management's bullish outlook for transportation vertical.
- Plant Engineering vertical had broad-based growth across FMCG, Oil & Gas and Chemicals sectors. Capacity expansion and plant modernization is the common theme for growth. Sustainability is witnessing growing traction. Overall, the outlook is positive, and management expects steady growth to continue.
- Supply chain disruption and higher commodity prices impacted some clients in Industrial Products segment, thereby impacting revenue. Rising product digitization and platform development remain growth drivers in the medium term.
- New metaverse unit set up in Telecom and Hi-tech business where LTTS would be combining 5G consumer electronics, product and software engineering to build solutions in a virtual augmented domain. As guided earlier, non-renewal of low-margin projects impacted growth. This business unit to witness a gradual improvement in sequential growth led by ramp-up of recently-won deals.
- Medical vertical witnessed a gradual increase in the pipeline led by opportunities in software and digital platforms.
- Large deal traction and pipeline continue to scale up well across the US, Europe and Japan with the pipeline being higher than in previous years. LTTS expects momentum in deal closure to continue.
- LTTS ramped up fresher hiring with 3,000 freshers hired in FY22, and expects 78% utilization in the short term (75.1% in 4QFY22).
- Management reaffirmed its earlier guidance of reaching US\$1bn annualized revenue by 2QFY23F or 3QFY23F.

Figure 2: Operating metrics

	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22
Operating trends									
Revenue (\$ m)	195.4	171.0	178.0	190.1	197.5	205.7	217.4	225.1	232.0
Growth YoY (%)	2.1	-11.8	-10.0	-4.6	1.1	20.3	22.1	18.4	17.5
Growth QoQ (%)	-2.0	-12.5	4.1	6.8	3.9	4.2	5.7	3.5	3.1
CC Growth YoY (%)	3.4	-10.9	-10.6	-5.2	0.6	18.6	22.3	19.5	19.4
CC Growth QoQ (%)	-1.1	-12.7	2.9	6.6	3.8	4.3	6.0	4.2	3.6
Revenue (INR m)	14,466	12,947	13,138	14,007	14,405	15,184	16,077	16,875	17,561
Growth YoY (%)	7.7	-3.9	-6.3	-1.6	-0.4	17.3	22.4	20.5	21.9
Growth QoQ (%)	1.7	-10.5	1.5	6.6	2.8	5.4	5.9	5.0	4.1
EBIT Margin (%)	16.5	12.1	13.7	15.2	16.6	17.3	18.4	18.6	18.6
USD-INR realized rate	74.0	75.7	73.8	73.7	72.9	73.8	74.0	75.0	75.7
Headcount	16,883	16,641	15,902	16,069	16,452	16,972	17,983	20,118	20,861
Attrition (%)	13.8	11.4	10.8	10.7	12.2	14.5	16.5	17.5	20.4
Utilization (%)	78.1	70.9	75.4	77.5	78.9	79.2	78.1	75.9	75.1
Vertical (%)	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22
Transportation	35.7	31.5	31.5	30.4	31.2	31.2	31.4	31.8	33.3
Process Industry	16.0	13.8	14.4	14.7	15.5	15.5	15.3	15.4	15.4
Industrial Products	19.4	19.4	19.5	19.3	18.9	19.5	20	19.5	18.8
Medical Industry	10.3	12.8	13.2	12.7	12.3	11.7	12.2	11.9	11.5
Telecom and Hitech	18.7	22.4	21.4	22.9	22.1	22	21.1	21.4	21.0
Vertical (USD m)	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22
Transportation	69.8	53.9	56.1	57.8	61.6	64.2	68.3	71.6	77.3
Process Industry	31.3	23.6	25.6	27.9	30.6	31.9	33.3	34.7	35.7
Industrial Products	37.9	33.2	34.7	36.7	37.3	40.1	43.5	43.9	43.6
Medical Industry	20.1	21.9	23.5	24.1	24.3	24.1	26.5	26.8	26.7
Telecom and Hitech	36.5	38.3	38.1	43.5	43.6	45.3	45.9	48.2	48.7
Vertical YoY (%)	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22
Transportation	10.9	-20.4	-19.0	-19.0	-11.7	19.1	21.7	23.9	25.4
Process Industry	11.3	-20.4	-20.0	-18.5	-2.1	35.1	29.8	24.0	16.7
Industrial Products	2.8	-12.6	-9.5	-4.1	-1.5	20.9	25.3	19.6	16.8
Medical Industry	50.7	41.5	35.1	28.9	20.7	10.0	12.9	11.0	9.8
Telecom and Hitech	-27.0	-11.3	-6.5	18.1	19.5	18.1	20.4	10.7	11.6
Vertical QoQ (%)	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22
Transportation	-2.2	-22.8	4.1	3.1	6.6	4.2	6.4	4.9	7.9
Process Industry	-8.8	-24.5	8.6	9.0	9.5	4.2	4.3	4.2	3.1
Industrial Products	-0.9	-12.5	4.6	5.7	1.7	7.5	8.4	1.0	-0.6
Medical Industry	7.4	8.8	7.3	2.8	0.6	-0.9	10.2	1.0	-0.4
Telecom and Hitech	-0.9	4.8	-0.6	14.3	0.3	3.7	1.4	5.0	1.1
Geography (%)	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22
North America	61.2	61.2	60	61.2	61.5	62.3	62.9	62.5	62.3
Europe	16.7	16	16	16.1	16.7	16.8	16.7	16.5	16.1
India	12.8	13	13.6	13.9	13.1	12.9	13	13.7	14.5
ROW	9.2	9.8	10.4	8.8	8.8	8	7.4	7.4	7.0
Geography (USD m)	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22
North America	119.6	104.7	106.8	116.3	121.5	128.2	136.7	140.7	144.5
Europe	32.6	27.4	28.5	30.6	33.0	34.6	36.3	37.1	37.4
India	25.0	22.2	24.2	26.4	25.9	26.5	28.3	30.8	33.6
ROW	18.0	16.8	18.5	16.7	17.4	16.5	16.1	16.7	16.2
Geography YoY (%)	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22
North America	6.1	-11.4	-12.4	-4.6	1.6	22.5	28.0	20.9	19.0
Europe	6.6	-9.5	0.0	8.9	1.1	26.3	27.5	21.4	13.2
India	-5.9	-10.4	-6.5	0.4	3.4	19.4	16.7	16.7	30.0
ROW	-16.1	-19.2	-12.5	-26.4	-3.3	-1.8	-13.1	-0.4	-6.6
Geography QoQ (%)	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22
North America	-2.0	-12.5	2.1	8.9	4.4	5.5	6.7	2.9	2.7
Europe	16.1	-16.2	4.1	7.5	7.8	4.8	5.1	2.3	0.6
India	-4.9	-11.1	8.9	9.2	-2.1	2.6	6.5	9.1	9.1
ROW	-20.9	-6.8	10.5	-9.6	3.9	-5.3	-2.2	3.5	-2.5
Client (%)	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22
Top 5	19.2	17.8	17	16.3	16.1	16.4	17	17.3	17.2
Top 6-10	12.6	11.9	11.3	11	10.8	11	11.2	11.2	11.1
Top 11-20	16.7	17.1	16.6	16.7	16.9	16.5	15.9	15.3	15.2
Non top 20	51.5	53.2	55.1	56	56.2	56.1	55.9	56.2	56.5
Client (USD m)	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22
Top 5	37.5	30.4	30.3	31.0	31.8	33.7	37.0	38.9	39.9
Top 6-10	24.6	20.3	20.1	20.9	21.3	22.6	24.3	25.2	25.8
Top 11-20	32.6	29.2	29.5	31.7	33.4	33.9	34.6	34.4	35.3
Non top 20	100.6	91.0	98.1	106.5	111.0	115.4	121.5	126.5	131.1
Client YoY (%)	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22
Top 5	-25.7	-36.4	-33.2	-26.3	-15.2	10.8	22.1	25.7	25.5
Top 6-10	13.9	-12.5	-20.5	-18.0	-13.4	11.2	21.1	20.6	20.7
Top 11-20	8.0	-4.6	-4.2	0.2	2.3	16.1	17.0	8.5	5.7
Non top 20	13.1	-1.2	1.9	6.4	10.3	26.8	23.9	18.8	18.1
Client QoQ (%)	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22
Top 5	-10.8	-18.9	-0.6	2.4	2.6	6.1	9.6	5.4	2.5
Top 6-10	-3.5	-17.3	-1.2	4.0	2.0	6.1	7.6	3.5	2.1
Top 11-20	3.0	-10.4	1.0	7.4	5.1	1.7	1.8	-0.4	2.4
Non top 20	0.6	-9.6	7.8	8.5	4.3	4.0	5.3	4.1	3.6
Client metrics	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22
No of active clients	270	270	283	296	306	305	314	318	324
Revenue per active client	2.9	2.8	2.6	2.5	2.4	2.5	2.6	2.7	2.7
USD 30 m+	2	1	1	1	0	0	1	2	2

USD 20 m+	8	4	5	4	3	5	6	6	6
USD 10 m+	21	22	20	18	20	20	21	22	22
USD 5 m+	43	43	44	41	39	43	45	44	48
USD 1 m+	113	113	116	118	122	122	125	126	136
Per employee analysis	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22
Revenue (USD m) - TTM	786	763	744	735	737	771	811	846	880
Employees (Average TTM)	15,410	15,592	15,383	15,225	15,142	15,246	15,770	16,770	17,820
Revenue per employee (TTM basis)	51,025	48,963	48,347	48,242	48,645	50,590	51,407	50,429	49,394

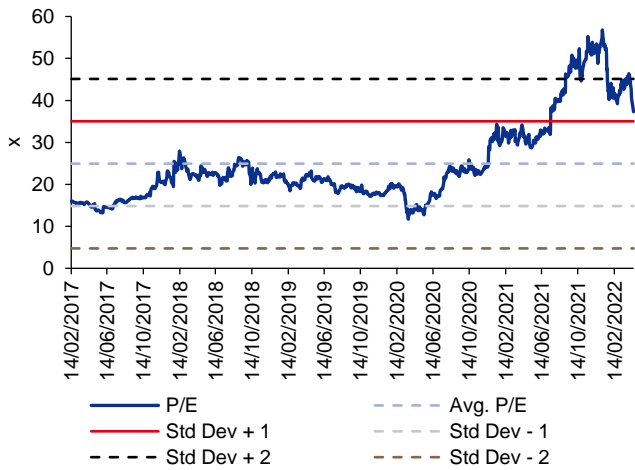
SOURCES: COMPANY REPORTS, INCRED RESEARCH

Figure 3: Change in our earnings estimates

Y/E, Mar (Rs m)	FY23F			FY24F		
	New	Old	% change	New	Old	% change
US\$ revenue	1,048	1,056	-0.8	1,215	1,225	-0.8
Revenue	79,633	79,188	0.6	93,580	93,103	0.5
EBIT	14,414	14,254	1.1	17,125	16,991	0.8
EBIT Margin (%)	18.1	18.0	10 bp	18.3	18.3	5 bp
Net PAT	11,681	11,431	2.2	14,001	13,742	1.9
EPS (Rs)	110.5	108.2	2.2	132.5	130.0	1.9

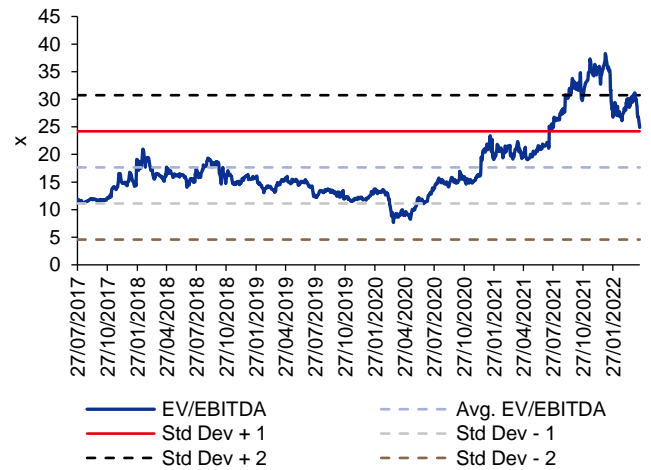
SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 4: One-year forward P/E of 37x

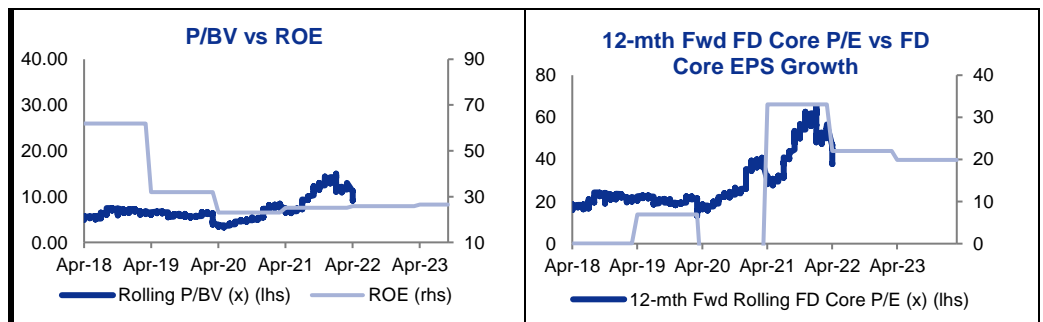


SOURCES: INCRED RESEARCH, BLOOMBERG

Figure 5: One-year forward EV/EBITDA of 25x



SOURCES: INCRED RESEARCH, BLOOMBERG

BY THE NUMBERS

Profit & Loss

(Rs mn)	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Total Net Revenues	56,191	54,497	65,697	79,633	93,580
Gross Profit	22,282	20,947	29,192	34,959	41,175
Operating EBITDA	11,288	10,074	14,149	16,882	19,933
Depreciation And Amortisation	(1,829)	(2,183)	(2,144)	(2,469)	(2,807)
Operating EBIT	9,459	7,891	12,005	14,414	17,125
Financial Income/(Expense)	(1)	(173)	1,087	1,528	1,973
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	1,727	1,809			
Profit Before Tax (pre-EI)	11,185	9,527	13,092	15,941	19,098
Exceptional Items					
Pre-tax Profit	11,185	9,527	13,092	15,941	19,098
Taxation	(2,778)	(2,307)	(3,486)	(4,224)	(5,061)
Exceptional Income - post-tax	(183)				
Profit After Tax	8,224	7,220	9,606	11,717	14,037
Minority Interests	(39)	(32)	(36)	(36)	(36)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	8,185	7,188	9,570	11,681	14,001
Recurring Net Profit	8,368	7,188	9,570	11,681	14,001
Fully Diluted Recurring Net Profit	8,368	7,188	9,570	11,681	14,001

Cash Flow

(Rs mn)	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
EBITDA	11,288	10,074	14,149	16,882	19,933
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(4,287)	4,245	(1,452)	(914)	(3,286)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	1,499	1,477	(36)	(36)	(36)
Other Operating Cashflow					
Net Interest (Paid)/Received					
Tax Paid	(2,119)	(2,523)	(3,563)	(4,224)	(5,061)
Cashflow From Operations	6,381	13,273	9,098	11,708	11,549
Capex	(1,527)	(771)	(1,624)	(1,700)	(1,500)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(695)	(9,283)	(2,859)	1,948	2,393
Cash Flow From Investing	(2,222)	(10,054)	(4,483)	248	893
Debt Raised/(repaid)					
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(2,636)	(2,198)	(3,633)	(4,672)	(5,601)
Preferred Dividends					
Other Financing Cashflow	(1,424)	(1,429)	(1,349)	(420)	(420)
Cash Flow From Financing	(4,060)	(3,627)	(4,982)	(5,092)	(6,021)
Total Cash Generated	99	(408)	(367)	6,863	6,422
Free Cashflow To Equity	4,854	12,502	7,474	10,008	10,049
Free Cashflow To Firm	4,159	3,219	4,615	11,956	12,442

SOURCES: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet					
(Rs mn)	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Total Cash And Equivalents	8,549	17,476	20,660	28,304	34,726
Total Debtors	17,317	14,761	19,569	21,163	24,869
Inventories					
Total Other Current Assets	3,236	2,789	3,022	3,022	3,022
Total Current Assets	29,102	35,026	43,251	52,489	62,618
Fixed Assets	5,676	6,379	6,495	4,946	3,639
Total Investments	1,137	1,644	3,225	3,225	3,225
Intangible Assets	6,146	6,564	6,430	6,430	6,430
Total Other Non-Current Assets	972	1,116	1,507	1,507	1,507
Total Non-current Assets	13,931	15,703	17,657	16,108	14,801
Short-term Debt	303				
Current Portion of Long-Term Debt					
Total Creditors	1,975	2,352	1,720	2,400	2,820
Other Current Liabilities	8,110	8,630	12,069	12,069	12,069
Total Current Liabilities	10,388	10,982	13,789	14,469	14,889
Total Long-term Debt					
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	4,890	4,915	5,359	5,359	5,359
Total Non-current Liabilities	4,890	4,915	5,359	5,359	5,359
Total Provisions					
Total Liabilities	15,278	15,897	19,148	19,828	20,248
Shareholders Equity	27,686	34,731	41,624	48,633	57,033
Minority Interests	69	101	137	137	137
Total Equity	27,755	34,832	41,761	48,770	57,170

Key Ratios					
	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Revenue Growth	10.7%	(3.0%)	20.6%	21.2%	17.5%
Operating EBITDA Growth	23.3%	(10.8%)	40.5%	19.3%	18.1%
Operating EBITDA Margin	20.1%	18.5%	21.5%	21.2%	21.3%
Net Cash Per Share (Rs)	47.14	127.53	155.02	227.35	288.11
BVPS (Rs)	262.20	329.03	393.83	460.15	539.63
Gross Interest Cover	25.92	17.34	27.47	34.32	40.77
Effective Tax Rate	24.8%	24.2%	26.6%	26.5%	26.5%
Net Dividend Payout Ratio	29.6%	32.1%	38.5%	40.0%	40.0%
Accounts Receivables Days	98.67	107.42	95.37	93.35	89.77
Inventory Days					
Accounts Payables Days	20.74	23.54	20.36	16.83	18.18
ROIC (%)	42.9%	25.7%	42.7%	45.6%	55.7%
ROCE (%)	25.0%	17.0%	20.8%	21.4%	22.0%
Return On Average Assets	21.9%	15.7%	15.8%	16.4%	17.2%

SOURCES: INCRED RESEARCH, COMPANY REPORTS

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Corporate Governance Report:

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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.

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

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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, **CGET** – n/a, n/a, **CENDEL** – Excellent, Certified, **CHAYO** – Very Good, n/a, **CHG** – Very Good, n/a, **CK** – Excellent, n/a, **COM7** – Excellent, Certified, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** - Excellent, Certified, **CPNREIT** – n/a, n/a, **CRC** – Excellent, Declared, **DELTA** - Excellent, Certified, **DDD** – Excellent, n/a, **DIF** – n/a, n/a, **DOHOME** – Very Good, Declared, **DREIT** – n/a, n/a, **DTAC** – Excellent, Certified, **ECL** – Excellent, Certified, **EGCO** - Excellent, Certified, **EPG** – Excellent, Certified, **ERW** – Very Good, Certified, **GFPT** - Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Excellent, n/a, **HANA** - Excellent, Certified, **HMPRO** - Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Certified, **III** – Excellent, Declared, **INTUCH** - Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** - Excellent, Certified, **JASIF** – n/a, n/a, **JKN** – n/a, Certified, **JMT** – Very Good, n/a, **KBANK** - Excellent, Certified, **KCE** - Excellent, Certified, **KEX** – Very Good, Declared, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** - Excellent, Certified, **KTC** – Excellent, Certified, **LH** - Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MAKRO** – Excellent, Certified, **MC** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** - Excellent, Certified, **MTC** – Excellent, Certified, **NETBAY** – Very Good, n/a, **NRF** – Very Good, Declared, **OR** – Excellent, n/a, **ORI** – Excellent, Certified, **OSP** – Excellent, n/a, **PLANB** – Excellent, Certified, **PRINC** – Very Good, Certified, **PR9** – Excellent, Declared, **PSH** – Excellent, Certified, **PTT** - Excellent, Certified, **PTTEP** - Excellent, n/a, **PTTGC** - Excellent, Certified, **QH** – Excellent, Certified, **RAM** – n/a, n/a, **RBF** – Very Good, n/a, **RS** – Excellent, Declared, **RSP** – Good, n/a, **S** – Excellent, n/a, **SAK** – Very Good, Declared, **SAPPE** – Very Good, Certified, **SAWAD** – Very Good, n/a, **SCB** - Excellent, Certified, **SCC** – Excellent, Certified, **SCGP** – Excellent, Declared, **SECURE** – n/a, n/a, **SHR** – Excellent, n/a, **SIRI** – Excellent, Certified, **SPA** – Very Good, n/a, **SPALI** - Excellent, Certified, **SPRC** – Excellent, Certified, **SSP** - Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Very Good, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIDLOR** – n/a, Certified **TISCO** - Excellent, Certified, **TKN** – Very Good, n/a, **TOP** - Excellent, Certified, **TRUE** – Excellent, Certified, **TTB** - Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Certified, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – n/a, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

- CG Score 2021 from Thai Institute of Directors Association (IOD)

- Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of August 5, 2021) are categorised into: companies that have declared their intention to join CAC, and companies certified by CAC.

Recommendation Framework

Stock Ratings

Definition:

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

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

Sector Ratings

Definition:

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

Country Ratings

Definition:

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