

Hong Kong

**ADD** (no change)

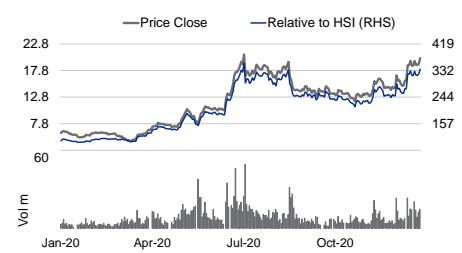
Consensus ratings\*: Buy 6 Hold 1 Sell 0

Current price:	HK\$20.10
Target price:	HK\$27.56
Previous target:	HK\$19.38
Up/downside:	37.1%
CGS-CIMB / Consensus:	na
Reuters:	0819.HK
Bloomberg:	819 HK
Market cap:	US\$2,919m
	HK\$22,635m
Average daily turnover:	US\$16.52m
	HK\$128.1m
Current shares o/s:	1,127m
Free float:	63.5%

\*Source: Bloomberg

**Key changes in this note**

- FY20-22F revenue (ex-trading) decreased by 4.5-9.7%.
- FY20-22F GPM (ex-trading) increased by 2.9% pts.
- FY20-22F EPS increased by 27.9-36.6%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	36.7	40	230
Relative (%)	30.7	24.8	230.8

Major shareholders	% held
Zhang Tianren	36.5
UBS Group AG	5.6

**Analyst**



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# Tianneng Power International

## Sustainable GPM expansion on efficiency

- We retain our positive view on Tianneng Power given sustained GPM growth.
- We also expect the spin-off exercise to significantly improve valuations.
- Reiterate Add; raise TP to HK\$27.56 on c.28%/31% EPS hikes in FY20F/21F.

### Profit alert for 40% yoy NP growth in FY21F due to strong 2H20F

We retain our positive view on Tianneng Power given its robust performance in 2H20F, which was supported by gross profit margin (GPM) expansion due to cost reduction from enhanced automation and improving production efficiency as well as savings on material costs due to lower lead prices in 2H20F. We estimate Tianneng's GPM in 2H20F expanded 3.9% pts yoy to c.21% (+4.6% pts hoh) and 2H20F net profit increased c.42% yoy to Rmb1.54bn. We now believe net profit in FY20F climbed 42.7% yoy to Rmb2.40bn (41.7% yoy to Rmb1.54bn in 2H20F, Figure 1) on the back of a c.3% decline in revenue. We raise FY20F/21F/22F EPS by c.28%/31%/37% to reflect better-than-expected GPM and operating leverage. On 27 Dec 2020, Tianneng announced that it projected net profit growth in FY20F of not less than 40% yoy, representing Rmb2.35bn or more.

### Delivery/express market continues to lead motive batteries demand

Supported by strong replacement demand from delivery services (e-bikes for meal delivery) and online shopping (e-tricycles for last-mile transportation) as well as residents' increasing preference for personal modes of short-distance transport, in addition to steady growth of e-bike/tricycle ownership and Tianneng's market share, we estimate the company's motive batteries output rose 5% yoy to c.280m units in FY20F. Meanwhile, we estimate Tianneng's average lead price (key raw material for motive batteries) fell c.15% yoy in FY20F while ASP slid only c.10% yoy on product mix improvement, thanks to its differentiated products and rising proportion of high-end high-margin motive batteries output. We also saw strong shipments and revenue growth in lithium batteries in FY20F (+58% yoy to Rmb403m in 1H20), driven by broadening product offerings; Tianneng launched super lithium-iron phosphate batteries and energy storage systems in FY20F.

### Spin-off of batteries manufacturing unit to A-share market

We believe Tianneng's spin-off exercise (batteries manufacturing business to debut on Sci-Tech Board and raise Rmb4.9bn) will significantly improve valuations given the huge valuation discount to its A-share. Based on the spin-off company's IPO issue price of Rmb41.79, its attributable A-share market cap will be approximately 187% of Tianneng's current market cap (details in Figure 2).

### Reiterate Add with a higher target price of HK\$27.56

We like Tianneng for its solid earnings growth, underpinned by improving GPM and operational efficiency and attractive valuation of 7.3x FY21F P/E. Our TP is raised to HK\$27.56 on EPS hikes but remains pegged to 10x FY21F P/E, at parity with its closest A-share peers. Share price catalysts are strong replacement demand from delivery/express market and sustainable GPM. A downside risk is volatility in lead prices.

Financial Summary	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue (Rmbm)	34,751	40,614	45,610	50,534	54,918
Operating EBITDA (Rmbm)	1,773	2,410	3,083	3,464	3,828
Net Profit (Rmbm)	1,188	1,682	2,400	2,629	2,895
Normalised EPS (Rmb)	1.05	1.49	2.12	2.33	2.57
Normalised EPS Growth	(7.6%)	41.5%	42.3%	9.9%	10.1%
FD Normalised P/E (x)	16.26	11.44	8.04	7.32	6.65
DPS (Rmb)	0.32	0.32	0.46	0.51	0.56
Dividend Yield	1.88%	1.93%	2.76%	3.02%	3.33%
EV/EBITDA (x)	8.43	5.77	4.02	3.06	2.24
P/FCFE (x)	12.03	65.44	8.09	7.13	6.41
Net Gearing	(77.4%)	(76.8%)	(81.0%)	(83.0%)	(84.0%)
P/BV (x)	3.67	2.83	2.31	1.87	1.52
ROE	23.7%	28.5%	32.3%	28.8%	25.7%
% Change In Normalised EPS Estimates			27.9%	31.3%	36.6%
Normalised EPS/consensus EPS (x)			1.20	1.19	1.37

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## Sustainable GPM expansion on efficiency

### 2H20F results preview >

**Figure 1: 2H20F results preview**

FYE Dec (Rmb m)	2HFY20F	2HFY19	yoy % chg	hoh % chg	2HFY20F Cum	2HFY19 Cum	yoy % chg	Prev. FY20F	Comments
Revenue	22,211	20,048	10.8	(1.9)	45,610	40,614	12.3	32,790	Revenue (ex-trading) could decline c.3% yoy in FY20F, mainly driven by lead-acid motive battery sales (-6% yoy).
Operating costs	(19,844)	(18,265)	8.6	(6.1)	(41,748)	(37,748)	10.6	(29,564)	
EBITDA	2,366	1,783	32.7	58.2	3,862	2,866	34.8	3,225	
EBITDA margin (%)	10.7	8.9			8.5	7.1		9.8	GPM (ex-trading) could expand 3.1% pts to 18.5% in FY20F, driven by production efficiency and lowered lead costs.
Depn & amort.	(310)	(275)	12.5	19.6	(569)	(485)	17.4	(569)	
EBIT	2,056	1,508	36.4	66.3	3,293	2,381	38.3	2,656	
Interest expense	(114)	(122)	(6.7)	6.8	(220)	(255)	(13.8)	(255)	Interest expense decreased due to decrease of short term bank borrowing
Interest & invt inc	-	-	N/M	N/M	-	-	N/M	-	
Associates' contrib	0	(0)	N/M	N/M	-	(0)	N/M	-	
Exceptionals	1	(4)	N/M	104.2	7	-	-	-	
<b>Pretax profit</b>	<b>1,944</b>	<b>1,382</b>	<b>40.7</b>	<b>74.9</b>	<b>3,080</b>	<b>2,126</b>	<b>44.9</b>	<b>2,401</b>	
Tax	(365)	(247)	47.9	45.4	(616)	(400)	54.0	(480)	In line
Tax rate (%)	19	18	-	-	20	19		20	
Minority interests	(41)	(49)		73.4	(64)	(44)	nm	(50)	
<b>Net profit</b>	<b>1,538</b>	<b>1,086</b>	<b>41.7</b>	<b>83.9</b>	<b>2,400</b>	<b>1,682</b>	<b>42.7</b>	<b>1,871</b>	FY20F net profit could increase 42.7% yoy to Rmb2.4bn, 28% above our previous forecast. The key discrepancy is better-than-expected GPM in lead-acid motive batteries.
<b>Core net profit</b>	<b>1,538</b>	<b>1,090</b>	<b>41.0</b>	<b>79.7</b>	<b>2,393</b>	<b>1,682</b>	<b>42.3</b>	<b>1,871</b>	
EPS (Rmb cts)	136.5	96.4	41.7	83.9	213.0	149.3	42.7	166.1	
Core EPS (Rmb cts)	136.5	96.8	41.0	79.7	212.4	149.3	42.3	166.1	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## Spin-off of Tianneng's batteries manufacturing unit on Sci-Tech Board >

**Batteries manufacturing unit spin-off approved.** On 15 Dec 2020, Tianneng was granted approval for the proposed spin-off of its batteries manufacturing business on the the Science and Technology Innovation Board of the Shanghai Stock Exchange (Sci-Tech Board).

The spin-off company mainly engages in research and development, manufacture and sale of motive batteries for e-bikes, e-tricycles and pure mini electric cars, special-purpose batteries (tubular battery, start-stop battery and energy storage battery) and lithium batteries for e-bikes and energy storage systems. According to the listing document, the spin-off company accounted for c.94% of Tianneng's net profit in FY19 and 1H20.

**Spin-off company market cap to reach Rmb40.6bn, representing 187% of Tianneng's market cap.** Tianneng has set the spin-off company's offer price at Rmb41.79 and will offer 116.6m new A-shares. The total funds raised from the exercise will be approximately Rmb4.9bn and the expected market capitalisation of the spin-off entity will be approximately Rmb40.6bn.

Upon the completion of the exercise, Tianneng will hold 86.53% equity interest in the spin-off company. Based on the offer price of Rmb41.79, the spin-off company's attributable market cap will be approximately Rmb35.2bn (HK\$42.4bn), representing 187% of Tianneng's current market cap.

**Spin-off company's IPO price of Rmb41.79 is at a 150% premium over Tianneng's share price of HK\$20.10.** As the spin-off company accounted for the majority of Tianneng's net profit (c.94%), we believe the spin-off exercise will significantly improve Tianneng's valuation (HKEX-listed); A-shares always trade higher than HKEX-listed shares. The spin-off company will trade at 18.0x/16.4x P/E (based on the offer price of Rmb41.79) in FY20F/21F, compared to Tianneng's 8.0x/7.3x FY20F/FY21F P/E, based on our FY20F/FY21F net profit forecasts of Rmb2.40bn/Rmb2.63bn.

Figure 2 shows that the A/H premium between the spin-off company and Tianneng will be 150%. If the A/H premium narrows to 100%/80%, Tianneng will trade at HK\$25.20/HK\$28.00.

**Use of proceeds of Rmb4.9bn.** Tianneng plans to use the funds raised of Rmb4.9bn to 1) upgrade and transform existing lead-acid battery production facilities, 2) increase capacity for start-stop batteries, and 3) supplement working capital.

**Figure 2: The spin-off company's implied A-share IPO price premium over Tianneng's share price**

The spin-off company A -share IPO price (Rmb 41.79)	
A / H premium (%)	(HK\$)
150%	20.10
120%	22.90
100%	25.20
80%	28.00
60%	31.40
50%	33.50

SOURCES: CGS-CIMB RESEARCH.

### Raise FY20F/21F/22F EPS by c.28%/31%/37% ➤

We raise FY20F/21F/22F EPS by c.28%/31%/37% for better-than-expected GPM achievement, thanks to enhanced automation and improved production efficiency.

- We increase our revenue forecasts for FY20-22F due to higher sales from the trading business. We reduce revenue (ex-trading) by 9.7%/6.4%/4.5% due to lower assumptions for lead price.
- We increase our GPM assumptions by 2.9% pts in FY20-22F due to better efficiency, automation and higher proportion of high-end high-margin motive battery sales.

**Figure 3: Earnings revisions**

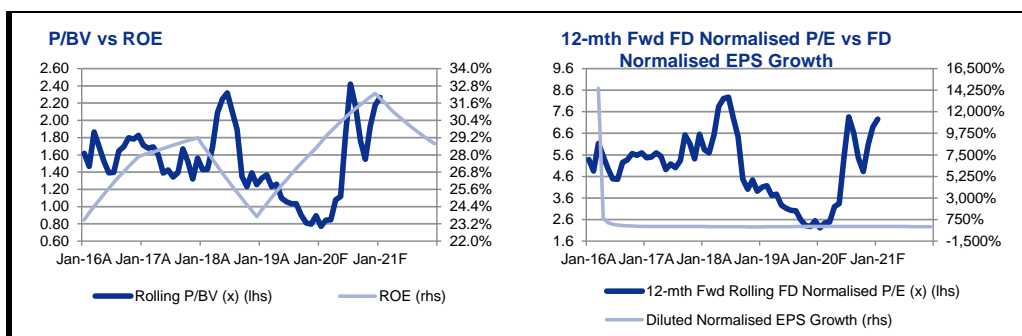
FYE Dec (Rmb m)	Dec-19A	Dec-20F			Dec-21F			Dec-22F		
		Old	New	% chg	Old	New	% chg	Old	New	% chg
Revenue	40,614	42,897	45,610	6.3%	45,022	50,534	12.2%	47,159	54,918	16.5%
- Revenue (ex-trading)	30,606	32,790	29,598	-9.7%	34,813	32,601	-6.4%	36,848	35,191	-4.5%
Gross profit	4,688	5,069	5,445	7.4%	5,360	5,959	11.2%	5,633	6,416	13.9%
- Gross profit (ex-trading)	4,666	5,037	5,413	7.5%	5,324	5,924	11.3%	5,594	6,377	14.0%
Gross profit margin	11.5%	11.8%	11.9%	0.1% pts	11.9%	11.8%	-0.1% pts	11.9%	11.7%	-0.3% pts
- Gross profit margin (ex-trading)	15.2%	15.4%	18.3%	2.9% pts	15.3%	18.2%	2.9% pts	15.2%	18.1%	2.9% pts
EBITDA	2,680	3,122	3,752	20.2%	3,341	4,104	22.8%	3,529	4,478	26.9%
Net profit	1,682	1,877	2,400	27.9%	2,003	2,629	31.3%	2,118	2,895	36.6%
EPS (Rmb)	1.49	1.67	2.13	27.9%	1.78	2.33	31.3%	1.88	2.57	36.6%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 4: Peers comparison**

Company	Bloomberg		Price Target price		Upside (%)	Market Cap (US\$m)	P/E		3-year EPS CAGR %	P/BV		ROE		EV/EBITDA		Yield	
	Code	Recom.	(local curr)	(local curr)			CY2020F	CY2021F		CY2020F	CY2021F	CY2020F	CY2021F	CY2020F	CY2021F	CY2020F	CY2021F
Tianneng Power	819 HK	Add	20.10	27.56	37%	2,919	7.9	7.2	22.5%	2.3	1.9	28.6%	25.7%	4.3	3.1	2.8%	3.0%
<b>Lead-acid battery and batteries manufacturers</b>																	
Camel Group	601311 CH	Not Rated	11.06	N/A	n.a.	1,916	17.3	14.4	17.1%	1.8	1.7	9.3%	10.3%	N/A	N/A	1.4%	1.5%
Johnson Controls, Inc	JCI US	Not Rated	51.30	N/A	n.a.	37,136	23.3	20.5	5.6%	2.1	2.0	7.9%	9.7%	14.2	13.4	2.0%	2.2%
<b>Average</b>							<b>20.3</b>	<b>17.5</b>	<b>11.3%</b>	<b>1.9</b>	<b>1.8</b>	<b>8.6%</b>	<b>10.0%</b>	<b>14.2</b>	<b>13.4</b>	<b>1.7%</b>	<b>1.8%</b>
<b>Battery materials suppliers</b>																	
Do-Fluoride Chemicals	002407 CH	Not Rated	19.49	N/A	n.a.	2,092	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.0%	0.0%
Shenzhen Kedali Industry	002850 CH	Not Rated	85.53	N/A	n.a.	3,077	79.2	46.2	30.0%	7.2	6.4	7.5%	12.4%	N/A	N/A	0.0%	0.0%
Sichuan Tianqi Lithium	002466 CH	Not Rated	54.34	N/A	n.a.	12,397	N/A	185.5	N/A	15.3	10.2	-12.7%	6.6%	82.3	40.0	0.0%	0.0%
<b>Average</b>							<b>79.2</b>	<b>115.8</b>	<b>30.0%</b>	<b>11.2</b>	<b>8.3</b>	<b>-2.6%</b>	<b>9.5%</b>	<b>82.3</b>	<b>40.0</b>	<b>0.0%</b>	<b>0.0%</b>

SOURCES: CGS-CIMB RESEARCH, BLOOMBERG (PRICE AS AT 08 JAN, 2020)

**BY THE NUMBERS**

**Profit & Loss**

(Rmbm)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
<b>Total Net Revenues</b>	<b>34,751</b>	<b>40,614</b>	<b>45,610</b>	<b>50,534</b>	<b>54,918</b>
<b>Gross Profit</b>	<b>4,042</b>	<b>4,688</b>	<b>5,445</b>	<b>5,959</b>	<b>6,416</b>
<b>Operating EBITDA</b>	<b>1,773</b>	<b>2,410</b>	<b>3,083</b>	<b>3,464</b>	<b>3,828</b>
Depreciation And Amortisation	(394)	(485)	(569)	(631)	(687)
<b>Operating EBIT</b>	<b>1,380</b>	<b>1,925</b>	<b>2,514</b>	<b>2,833</b>	<b>3,140</b>
Financial Income/(Expense)	(158)	(162)	(116)	(99)	(75)
Pretax Income/(Loss) from Assoc.	3	(0)	0	0	0
Non-Operating Income/(Expense)	306	363	676	640	650
<b>Profit Before Tax (pre-EI)</b>	<b>1,531</b>	<b>2,126</b>	<b>3,073</b>	<b>3,374</b>	<b>3,715</b>
Exceptional Items	0	0	7	0	0
<b>Pre-tax Profit</b>	<b>1,531</b>	<b>2,126</b>	<b>3,080</b>	<b>3,374</b>	<b>3,715</b>
Taxation	(295)	(400)	(616)	(675)	(743)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>1,235</b>	<b>1,726</b>	<b>2,464</b>	<b>2,699</b>	<b>2,972</b>
Minority Interests	(47)	(44)	(64)	(70)	(77)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Preference Dividends (Australia)					
<b>Net Profit</b>	<b>1,188</b>	<b>1,682</b>	<b>2,400</b>	<b>2,629</b>	<b>2,895</b>
Normalised Net Profit	1,235	1,726	2,457	2,699	2,972
<b>Fully Diluted Normalised Profit</b>	<b>1,188</b>	<b>1,682</b>	<b>2,393</b>	<b>2,629</b>	<b>2,895</b>

**Cash Flow**

(Rmbm)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
<b>EBITDA</b>	<b>1,773</b>	<b>2,410</b>	<b>3,083</b>	<b>3,464</b>	<b>3,828</b>
Cash Flow from Inv. & Assoc.	(3)	0	0	0	0
Change In Working Capital	1,330	(291)	168	185	165
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	529	618	903	873	896
Net Interest (Paid)/Received	(158)	(162)	(116)	(99)	(75)
Tax Paid	(190)	(509)	(616)	(675)	(743)
<b>Cashflow From Operations</b>	<b>3,282</b>	<b>2,066</b>	<b>3,422</b>	<b>3,749</b>	<b>4,070</b>
Capex	(666)	(1,178)	(1,158)	(1,158)	(1,158)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(1,482)	201	0	0	0
<b>Cash Flow From Investing</b>	<b>(2,147)</b>	<b>(977)</b>	<b>(1,158)</b>	<b>(1,158)</b>	<b>(1,158)</b>
Debt Raised/(repaid)	471	(795)	118	110	93
Proceeds From Issue Of Shares	0	0	0	0	0
Shares Repurchased	0	0	0	0	0
Dividends Paid	(356)	(365)	(521)	(570)	(628)
Preferred Dividends					
Other Financing Cashflow	(116)	626	(220)	(233)	(246)
<b>Cash Flow From Financing</b>	<b>(0)</b>	<b>(534)</b>	<b>(623)</b>	<b>(694)</b>	<b>(781)</b>
Total Cash Generated	1,134	555	1,640	1,897	2,131
<b>Free Cashflow To Equity</b>	<b>1,606</b>	<b>294</b>	<b>2,381</b>	<b>2,700</b>	<b>3,005</b>
<b>Free Cashflow To Firm</b>	<b>1,324</b>	<b>1,344</b>	<b>2,483</b>	<b>2,824</b>	<b>3,158</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**BY THE NUMBERS... cont'd**
**Balance Sheet**

(Rmbm)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Total Cash And Equivalents	6,972	7,507	9,147	11,044	13,175
Total Debtors	1,246	1,514	1,700	1,884	2,047
Inventories	2,973	3,740	4,182	4,641	5,050
Total Other Current Assets	21	4	0	0	0
<b>Total Current Assets</b>	<b>11,212</b>	<b>12,765</b>	<b>15,029</b>	<b>17,569</b>	<b>20,272</b>
Fixed Assets	4,295	4,783	5,393	5,941	6,433
Total Investments	0	0	0	0	0
Intangible Assets	0	0	0	0	0
Total Other Non-Current Assets	1,349	1,581	1,405	1,473	1,534
<b>Total Non-current Assets</b>	<b>5,644</b>	<b>6,365</b>	<b>6,799</b>	<b>7,415</b>	<b>7,968</b>
Short-term Debt	2,235	1,659	1,761	1,856	1,937
Current Portion of Long-Term Debt					
Total Creditors	5,752	6,746	7,542	8,370	9,108
Other Current Liabilities	2,566	2,667	2,861	3,077	3,136
<b>Total Current Liabilities</b>	<b>10,553</b>	<b>11,072</b>	<b>12,165</b>	<b>13,304</b>	<b>14,181</b>
Total Long-term Debt	566	253	268	283	295
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	263	441	495	548	596
<b>Total Non-current Liabilities</b>	<b>829</b>	<b>693</b>	<b>763</b>	<b>831</b>	<b>891</b>
Total Provisions	85	78	111	122	134
<b>Total Liabilities</b>	<b>11,467</b>	<b>11,844</b>	<b>13,039</b>	<b>14,257</b>	<b>15,206</b>
Shareholders' Equity	5,147	6,665	8,167	10,105	12,412
Minority Interests	242	622	622	622	622
<b>Total Equity</b>	<b>5,389</b>	<b>7,287</b>	<b>8,789</b>	<b>10,726</b>	<b>13,033</b>

**Key Ratios**

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue Growth	29.2%	16.9%	12.3%	10.8%	8.7%
Operating EBITDA Growth	1.8%	35.9%	27.9%	12.4%	10.5%
Operating EBITDA Margin	5.10%	5.93%	6.76%	6.85%	6.97%
Net Cash Per Share (Rmb)	3.70	4.97	6.32	7.90	9.71
BVPS (Rmb)	4.57	5.92	7.25	8.97	11.02
Gross Interest Cover	7.28	7.55	11.43	12.14	12.76
Effective Tax Rate	19.3%	18.8%	20.0%	20.0%	20.0%
Net Dividend Payout Ratio	29.9%	21.7%	21.8%	21.7%	21.7%
Accounts Receivables Days	19.11	12.40	12.90	12.94	13.06
Inventory Days	30.34	34.10	36.09	36.12	36.46
Accounts Payables Days	69.67	63.49	65.10	65.15	65.77
ROIC (%)	37.6%	92.2%	85.3%	93.3%	94.5%
ROCE (%)	18.0%	23.0%	25.9%	24.8%	23.3%
Return On Average Assets	8.8%	10.3%	12.4%	11.8%	11.4%

**Key Drivers**

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Lead-acid motive battery products	0.2	(0.0)	(0.1)	0.1	0.1
Lithium battery products	(0.5)	0.1	0.4	0.1	0.1
GPM - lead-acid motive battery products	0.1	0.2	0.2	0.2	0.2

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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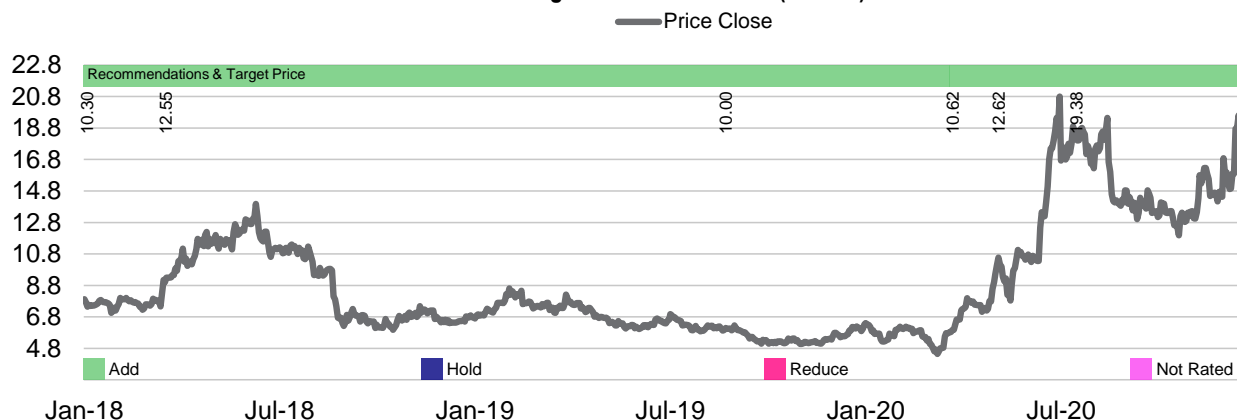
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Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2020		
688 companies under coverage for quarter ended on 31 December 2020		
	Rating Distribution (%)	Investment Banking clients (%)
Add	67.0%	0.9%
Hold	21.7%	0.0%
Reduce	11.3%	0.3%

**Spitzer Chart for stock being researched ( 2 year data )**
**Tianneng Power International (819 HK)**

**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, **BCP** - Excellent, Certified, **BCPG** – 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 mai 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.

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