Singapore

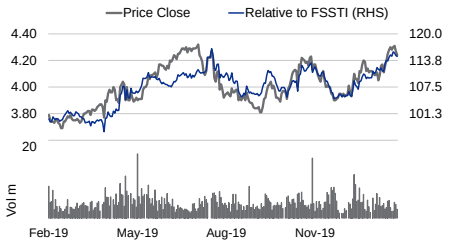
ADD *(no change)*

Consensus ratings*:	Buy 10	Hold 4	Sell 0
Current price:			S$4.24
Target price:	▲		S$4.66
Previous target:			S$4.47
Up/downside:			9.9%
CGS-CIMB / Consensus:			2.1%
Reuters:			STEG.SI
Bloomberg:			STE SP
Market cap:			US$9,429m
			S$13,207m
Average daily turnover:			US$12.86m
			S$17.52m
Current shares o/s:			3,120m
Free float:			37.8%

Source: Bloomberg

Key changes in this note

- FY20F EPS cut by 1% to account for lower "Others" profit from Miltope
- FY21F EPS up by 3% for stronger growth in aerospace and land systems
- Introduced FY22F



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	2.9	1.9	14.3
Relative (%)	4.9	2.3	17.3

Major shareholders	% held
Temasek	50.8
Aberdeen Asset Management	6.0
Capital Research Global Investor	5.5

Analyst(s)



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ST Engineering

Double-digit earnings growth hard to find

- STE is one of a few SG large caps with double- digit yoy earnings growth in FY19 and FY20F and firm visibility. Maintain Add with a higher TP of S$4.58.
- 4Q19 profit of S$169m (+36% yoy) beat our S$160m forecast on stronger profit from munition & weapon in land and component & engine in aerospace.
- Catalysts: qualification for major defence and commercial projects and sizeable order wins. Risks: global slowdown and prolonged Covid-19 impact.

Successful acquisition growth; growth momentum continues

STE's FY19 net profit of S$578m (+16% yoy) is testimony to its successful acquisition growth, of which MRAS contributed c.S$45m. Group earnings would have only risen by 8% yoy without MRAS. DPS of S$0.15 represented a lower payout of 81% vs. past three-year average of 95%. Assuming Covid-19 lasts till Jun 2020, management still hopes to maintain "growth momentum" in FY20F, even if aerospace could see a short-term impact from delayed aircraft maintenance due to disruptions in the aviation sector.

Aerospace reports strongest profit in years; asset recycling

Aero's 4Q19 net profit of S$77m (+21% yoy, +18% qoq) was a record for years. Other than the consolidation of MRAS, CERO (Component, Engine Repair & Overhaul) clocked in a net profit of S$32m (+191% yoy, +11% qoq) due to a shift in program mix to more repair of parts and lower stocks provisions. MRAS nacelle capacity servicing Airbus of c.62-63 units/month should sustain the Engineering & Material Services (EMS) profit in FY20F. The US$257m securitisation of 30 narrowbody aircraft at its 50%-owned JV TEAM (Total Engine Asset Management) could add one-off dividend distribution to aero. Assuming a coupon rate of 4% p.a, aero could receive c.$5m of annual asset management fee. We are looking at **13% yoy in profit growth for aero in FY20F** backed by better Aircraft Maintenance & Modification (AMM) after the divestment of its Australian pilot school in Nov 19. AMM's profit grew 47% qoq to S$21m, or 27% of aero's profit. Gestation effect should wear off for A321 passenger-to-freighters (PTF) in FY20F.

Land Systems' strong defence pipeline; double digit growth

Land System's 4Q19 net profit of S$26m (+77% qoq) was due to stronger-than-expected sales and profit recognised from munition & weapon division after securing new contracts from Asia Pacific, Middle East and Europe in 2019, which will also enhance profit visibility from FY20F. Overall, **we expect Land System's FY20F net profit to grow 17%** on the back of ramped-up delivery of the Hunter Armoured Fighting Vehicle (AGC), delivery of 20 units of Electric Bus as well as progressive delivery of 50 units of three-door double decker buses to Singapore Land Transport Authority in 2020.

Flight to safety proxy; maintain Add with higher TP of S$4.58

We believe the double-digit profit growth in FY20F could keep valuations at a premium amidst a weak macro backdrop, sustained by order book of S$15.3bn. Our TP is still based on blended valuations (DCF, dividend yield and 21x CY21F P/E).

Financial Summary	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue (S$m)	6,698	7,868	8,415	8,984	9,344
Operating EBITDA (S$m)	849	1,061	1,119	1,189	1,234
Net Profit (S$m)	494.2	577.9	648.6	705.3	739.7
Core EPS (S$)	0.16	0.19	0.21	0.23	0.24
Core EPS Growth	(1.6%)	17.0%	12.2%	8.7%	4.9%
FD Core P/E (x)	26.78	22.89	20.39	18.75	17.88
DPS (S$)	0.15	0.15	0.17	0.17	0.17
Dividend Yield	3.54%	3.54%	3.89%	4.01%	4.01%
EV/EBITDA (x)	15.49	14.08	12.55	11.64	11.03
P/FCFE (x)	51.24	NA	9.47	17.63	16.47
Net Gearing	3.4%	76.2%	38.4%	29.6%	20.8%
P/BV (x)	5.89	5.95	5.62	5.31	5.01
ROE	22.0%	25.9%	28.4%	29.1%	28.8%
% Change In Core EPS Estimates			(0.96%)	2.73%	
CGS-CIMB/Consensus EPS (x)			1.00	1.02	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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Powered by the EFA Platform

Electronics' revenue at five-year high but margins compromised

Electronics' 4Q19 net profit of S$52m (+17% yoy, flat qoq) was in line with expectations. Revenue for FY19 grew by 7% yoy to S$2.3bn thanks to its consistent order wins. It won S$2.8bn worth of new contracts in 2019 vs. S$2.2bn in 2018. However 4Q19 PBT margins dipped to 8.5% (3Q19: 11.2%, 4Q18: 9.3%), bringing overall FY19 PBT margins to 9.8%. This is below it historical average of 10.6% over the past five years. We believe the pricing competition as well as continuous investments in R&D could keep margins under pressure in the near term. **We are looking at the division to grow its profit by c.4% yoy in FY20F.**

Marine boosted by US ship repairs

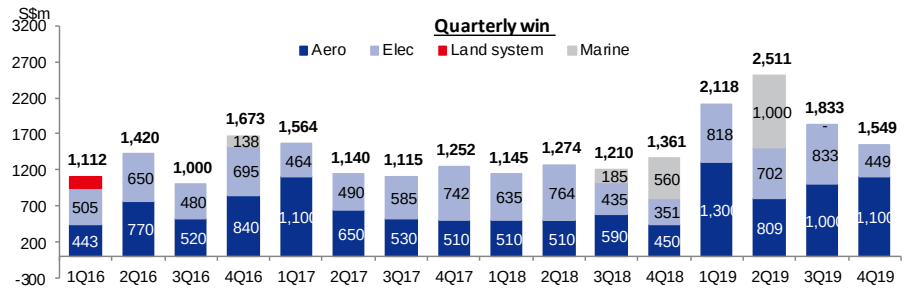
Marine's 4Q19 net profit of S$26m (+60% yoy, +541% qoq) was lifted by strong ship repair profit of S$17m (+46% yoy, +28% qoq). This is mainly thanks to the new yard, Halter Marine and Offshore, set up in May 19 in Pascagoula, Mississippi US, with a focus on the upgrade and repair of rigs, military and para-military commercial ships. The shipbuilding division remained profitable to the tune of S$1.9m in 4Q19. **We are looking at the division to grow its profit by c.19% yoy in FY20F** on the absence of provision for claims for arbitration proceedings with Hornbeck Offshore in FY19..

Figure 1: Segment forecast

Sales	2018	2019	2020F	2021F	2022F
Aerospace	2,647	3,455	3,646	3,941	4,013
Electronics	2,143	2,310	2,445	2,554	2,670
Land Systems	1,282	1,458	1,583	1,719	1,867
Marine	574	647	675	700	721
Others	52	63	66	69	73
Total	**6,698**	**7,869**	**8,415**	**8,984**	**9,344**
Net profit					
Aerospace	245	269	304	316	327
Electronics	186	191	198	220	232
Land Systems	53	77	91	111	121
Marine	45	52	61	64	66
Others	(35)	(11)	(5)	(5)	(6)
Total	**494**	**578**	**649**	**705**	**740**
yoy %					
Aerospace	0.2%	9.9%	13.1%	17.3%	7.6%
Electronics	4.3%	2.3%	3.6%	15.4%	17.2%
Land Systems	-39.5%	46.2%	17.3%	43.5%	33.0%
Marine	67.3%	13.8%	19.2%	24.8%	7.7%
Others	0.7%	-69.9%	n.m	n.m	n.m
Total	**-1.7%**	**16.9%**	**12.2%**	**22.1%**	**14.1%**
Net margin					
Aerospace	9.2%	7.8%	8.3%	8.0%	8.2%
Electronics	8.7%	8.3%	8.1%	8.6%	8.7%
Land Systems	4.1%	5.3%	5.7%	6.5%	6.5%
Marine	7.9%	8.0%	9.1%	9.2%	9.2%
Others	-67.3%	-16.8%	-7.8%	-7.8%	-7.8%
Total	7.4%	7.3%	7.7%	7.9%	7.9%

SOURCES: CGS-CIMB, COMPANY REPORTS

Figure 2: STE secured S$8bn of new contracts in 2019



SOURCES: CIMB RESEARCH, COMPANY REPORTS

Figure 3: Results comparison

FYE Dec (S$ m)	4QFY19	4QFY18	yoy % chg	qoq % chg	4QFY19 Cum	4QFY18 Cum	yoy % chg	Prev. FY18F	Comments
Revenue	2,288.3	1,774.0	29.0	10.6	7,868.3	6,697.9	17.5	7,691.8	Slightly above
Operating costs	(2,083.0)	(1,555.5)	33.9	15.8	(6,806.9)	(5,848.6)	16.4	(6,735.9)	
EBITDA	205.3	218.5	(6.0)	(23.8)	1,061.4	849.3	25.0	955.8	Above
EBITDA margin (%)	9.0	12.3	(27.2)	(31.1)	13.5	12.7	6.4	12.4	
Depn & amort.	0.0	(63.3)	(100.0)	(100.0)	(368.5)	(244.0)	51.0	(281.3)	Above
EBIT	205.3	155.2	32.3	20.6	692.9	605.2	14.5	674.5	Broadly in line
Interest expense	(16.7)	11.0	(252.4)	27.2	(50.9)	(55.9)	(8.9)	(52.0)	Below
Interest & invt inc	(0.2)	(17.2)	(99.1)	(106.1)	14.3	22.4	(36.1)	23.7	Below
Associates' contrib	10.3	11.6	(10.9)	47.2	39.0	49.1	(20.5)	35.7	Above
Exceptionals	0.0	0.0	nm	nm	0.0	0.0	nm	0.0	
Pretax profit	198.8	160.5	23.8	19.2	695.2	620.7	12.0	681.9	Slightly above
Tax	(23.2)	(27.3)	(14.9)		(102.6)	(104.3)	(1.7)	(112.5)	Below, tax credit
Tax rate (%)	11.7	17.0	(31.3)		14.8	16.8	(12.2)	237.6	Lower than usual effective tax rate
Minority interests	(6.0)	(8.8)	(31.7)	131.0	(14.7)	(22.2)	(33.6)	(0.9)	
Net profit	169.6	124.5	36.2	21.9	577.9	494.2	16.9	568.5	Slightly above
EPS (cts)	5.4	4.0	36.6	21.9	18.5	15.8	16.9	18.2	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 4: Blended valuations

Method	Value per share (S$)	Basis
P/E	4.75	21x CY21F earnings
DCF	5.11	WACC 6%, LTG 3%
Dividend yield(%)	4.13	4% net yield on FY20F DPS
Average	**4.66**	

SOURCES: CIMB

Figure 5: Segmental breakdown by division – aerospace

	4Q18	1Q19	2Q19	3Q19	4Q19	yoy %	qoq %	4Q19 comments
Aerospace								
Revenue (S$'m)								
AMM	288.0	245.0	241.0	294.0	276.0	-4%	-6%	
CERO	160.0	172.0	160.0	308.0	206.0	29%	-33%	
EMS	201.0	207.0	436.0	451.0	460.0	129%	2%	
	649.0	**624.0**	**837.0**	**1,053.0**	**942.0**	**45%**	**-11%**	
NPAT (S$'m)								
AMM	39.8	21.5	20.0	14.6	21.5	-46%	47%	Improved qoq with the divestment of pilot school in Australia, offset by shortage of labour in Mobile
CERO	11.0	19.0	16.2	28.7	32.0	191%	11%	Lower stocks obsolecense , program mix shifted to more repair of parts. Expect margin to improve. Securitisation of aircraft would result in one-off dividend distribution
EMS	12.7	22.2	28.0	21.7	23.4	84%	8%	Improved qoq with the settlement of floorboard panel manufacturing .
	63.5	**62.7**	**64.2**	**65.0**	**76.9**	**21%**	**18%**	
Net margin	**9.8%**	**10.0%**	**7.7%**	**6.2%**	**8.2%**			
AMM	13.8%	8.8%	8.3%	5.0%	7.8%			
CERO	6.9%	11.0%	10.1%	9.3%	15.5%			Expect margin to improve
EMS	6.3%	10.7%	6.4%	4.8%	5.1%			

SOURCES: CGS-CIMB RESEARCh, COMPANY REPORTS

Figure 6: Segmental breakdown by division – electronics

	4Q18	1Q19	2Q19	3Q19	4Q19	yoy %	qoq %	4Q19 comments
Electronics								
Revenue (S$'m)								
LSG	105.0	145.0	114.0	136.0	157.0	50%	15%	
CSG	257.0	282.0	233.0	248.0	335.0	30%	35%	
SSG	190.0	143.0	154.0	162.0	201.0	6%	24%	
	552.0	**570.0**	**501.0**	**546.0**	**693.0**	**26%**	**27%**	
NPAT (S$'m)								
LSG	1.7	17.5	14.9	13.5	9.0	429%	-33%	
CSG	21.6	10.7	13.9	19.6	16.9	-22%	-14%	
SSG	20.8	15.2	15.5	18.4	25.7	24%	40%	
	44.1	**43.4**	**44.3**	**51.5**	**51.6**	**17%**	**0%**	
PBT margin	**9.3%**	**9.2%**	**10.8%**	**11.2%**	**8.5%**			
LSG	2.6%	14.4%	16.5%	11.8%	6.5%			
CSG	13.4%	12.7%	12.3%	12.9%	15.4%			
SSG	9.3%	9.2%	10.8%	11.2%	8.5%			
Net margin	**8.0%**	**7.6%**	**8.8%**	**9.4%**	**7.4%**			Overall margin in CSG and SSG could be lower due to continuos investment s
LSG	1.6%	12.1%	13.1%	9.9%	5.7%			
CSG	8.0%	3.8%	6.0%	7.9%	5.0%			
SSG	10.9%	10.6%	10.1%	11.4%	12.8%			

SOURCES: CGS-CIMB RESEARCh, COMPANY REPORTS

Figure 7: Segmental breakdown by division – land systems

	4Q18	1Q19	2Q19	3Q19	4Q19	yoy %	qoq %	4Q19 comments
Land Systems								
Revenue (S$'m)								
Automotive	297.0	285.0	219.0	226.0	310.0	4%	37%	
M&W	86.0	52.0	33.0	35.0	89.0	3%	154%	
Service	58.0	51.0	49.0	52.0	57.0	-2%	10%	
	441.0	**388.0**	**301.0**	**313.0**	**456.0**	**3%**	**46%**	
NPAT (S$'m)								
Automotive	(26.1)	1.0	8.7	1.1	3.8	-115%	245%	Expect stronger FY20F fr delivery of Hunter and buses to LTA
M&W	16.1	1.5	2.5	4.0	10.1	-37%	153%	Strong pipeline of defense project
Service	9.0	12.7	9.1	10.0	12.8	42%	28%	
	(1.0)	**15.2**	**20.3**	**15.1**	**26.7**	**-2770%**	**77%**	
Net margin	**-0.2%**	**3.9%**	**6.7%**	**4.8%**	**5.9%**			
Automotive	-8.8%	0.4%	4.0%	0.5%	1.2%			
M&W	18.7%	2.9%	7.6%	11.4%	11.3%			
Service	15.5%	24.9%	18.6%	19.2%	22.5%			

SOURCES: CGS-CIMB RESEARCh, COMPANY REPORTS

Figure 8: Segmental breakdown by division – marine

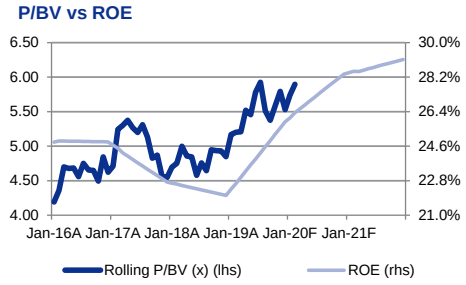
	4Q18	1Q19	2Q19	3Q19	4Q19	yoy %	qoq %	4Q19 comments
Marine								
Revenue (S$'m)								
Shipbuilding	68.0	50.0	46.0	60.0	99.0	46%	65%	
Ship repair	56.0	75.0	68.0	68.0	70.0	25%	3%	
Eng	16.0	24.0	25.0	27.0	35.0	119%	30%	
	140.0	**149.0**	**139.0**	**155.0**	**204.0**	**46%**	**32%**	
NPAT (S$'m)								
Shipbuilding	1.7	1.5	2.4	(10.2)	1.9	12%	-119%	
Ship repair	11.4	9.0	10.7	13.0	16.7	46%	28%	Stronger due to new repair yard in US which added volume
Eng	0.5	1.5	1.2	0.6	3.2	540%	433%	
	13.6	**12.0**	**14.3**	**3.4**	**21.8**	**60%**	**541%**	
Net margin	**9.7%**	**8.1%**	**10.3%**	**2.2%**	**10.7%**			
Shipbuilding	2.5%	3.0%	5.2%	-17.0%	1.9%			
Ship repair	20.4%	12.0%	15.7%	19.1%	23.9%			
Eng	3.1%	6.3%	4.8%	2.2%	9.1%			

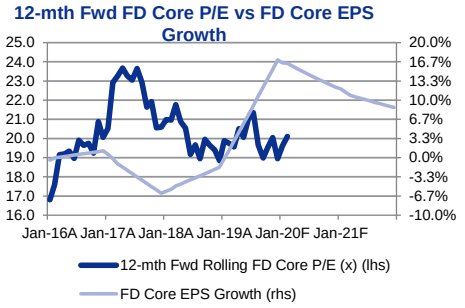
SOURCES: CIMB, COMPANY REPORTS

Figure 9: Earnings change

		New			Old		%	
	FY19A	FY20F	FY21F	FY22F	FY20F	FY21F	FY20F	FY20F
Group revenue	7,868.3	8,414.8	8,984.4	9,344.1	8,253.0	8,735.6	2%	3%
Aerospace profit	268.9	304.0	315.5	327.1	292.6	304.3	4%	4%
Electronics profit	190.7	197.6	220.0	231.5	206.2	215.8	-4%	2%
Land systems profit	77.3	90.7	110.9	120.6	98.9	106.9	-8%	4%
Marine profit	51.5	61.4	64.3	66.1	57.2	59.6	7%	8%
Group profit	**577.9**	**648.6**	**705.3**	**739.7**	**654.9**	**686.6**	**-1%**	**3%**
EPS	0.19	0.21	0.23	0.24	0.21	0.22	-1%	3%

BY THE NUMBERS





Profit & Loss

(S$m)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Total Net Revenues	**6,698**	**7,868**	**8,415**	**8,984**	**9,344**
Gross Profit	**1,406**	**1,635**	**1,786**	**1,916**	**1,994**
Operating EBITDA	**849**	**1,061**	**1,119**	**1,189**	**1,234**
Depreciation And Amortisation	(244)	(369)	(314)	(323)	(334)
Operating EBIT	**605**	**693**	**805**	**866**	**900**
Financial Income/(Expense)	(34)	(37)	(38)	(38)	(38)
Pretax Income/(Loss) from Assoc.	49	39	44	44	44
Non-Operating Income/(Expense)	0	0	0	0	0
Profit Before Tax (pre-EI)	**621**	**695**	**811**	**872**	**906**
Exceptional Items	0	0	0	0	0
Pre-tax Profit	**621**	**695**	**811**	**872**	**906**
Taxation	(104)	(103)	(130)	(139)	(145)
Exceptional Income - post-tax					
Profit After Tax	**516**	**593**	**681**	**732**	**761**
Minority Interests	(22)	(15)	(32)	(27)	(21)
Preferred Dividends	0	0	0	0	0
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	**494**	**578**	**649**	**705**	**740**
Recurring Net Profit	494	578	649	705	740
Fully Diluted Recurring Net Profit	**494**	**578**	**649**	**705**	**740**

Cash Flow

(S$m)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
EBITDA	849.3	1,061.4	1,119.5	1,189.5	1,234.0
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(152.6)	(432.8)	1,102.1	2.6	(0.4)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow					
Net Interest (Paid)/Received	(26.9)	(46.8)	(38.3)	(38.3)	(38.3)
Tax Paid	(99.2)	(90.5)	(129.7)	(139.5)	(144.9)
Cashflow From Operations	**570.7**	**491.4**	**2,053.7**	**1,014.3**	**1,050.3**
Capex	(336.1)	(290.1)	(230.0)	(230.0)	(230.0)
Disposals Of FAs/subsidiaries	4.1	118.2	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	(40.9)	0.0	0.0	0.0	0.0
Other Investing Cashflow	307.8	(1,100.9)	(426.5)	(33.9)	(17.0)
Cash Flow From Investing	**(65.2)**	**(1,272.8)**	**(656.5)**	**(263.9)**	**(247.0)**
Debt Raised/(repaid)	(247.1)	(1,119.3)	0.0	0.0	0.0
Proceeds From Issue Of Shares	0.0	0.0	0.0	0.0	0.0
Shares Repurchased					
Dividends Paid	(468.0)	(468.2)	(518.9)	(564.3)	(591.8)
Preferred Dividends					
Other Financing Cashflow					
Cash Flow From Financing	**(715.1)**	**(1,587.4)**	**(518.9)**	**(564.3)**	**(591.8)**
Total Cash Generated	(209.7)	(2,368.9)	878.3	186.1	211.5
Free Cashflow To Equity	**258.3**	**(1,900.7)**	**1,397.2**	**750.3**	**803.3**
Free Cashflow To Firm	**554.9**	**(725.2)**	**1,448.1**	**801.3**	**854.2**

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS… cont'd

Balance Sheet

(S$m)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Total Cash And Equivalents	416	453	1,332	1,518	1,729
Total Debtors	1,427	1,627	2,489	2,637	2,727
Inventories	2,254	2,558	2,272	2,426	2,523
Total Other Current Assets	0	1	1	1	1
Total Current Assets	**4,097**	**4,639**	**6,093**	**6,581**	**6,980**
Fixed Assets	1,743	1,805	1,721	1,627	1,523
Total Investments	472	470	940	1,018	1,079
Intangible Assets	1,151	1,980	1,980	1,980	1,980
Total Other Non-Current Assets	110	627	627	627	627
Total Non-current Assets	**3,476**	**4,882**	**5,268**	**5,253**	**5,210**
Short-term Debt	232	1,882	1,882	1,882	1,882
Current Portion of Long-Term Debt					
Total Creditors	1,915	2,083	3,213	3,427	3,566
Other Current Liabilities	1,704	1,481	1,655	1,687	1,703
Total Current Liabilities	**3,851**	**5,446**	**6,751**	**6,996**	**7,152**
Total Long-term Debt	270	469	469	469	469
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	917	1,115	1,488	1,548	1,579
Total Non-current Liabilities	**1,187**	**1,584**	**1,957**	**2,016**	**2,048**
Total Provisions	0	0	0	0	0
Total Liabilities	**5,038**	**7,030**	**8,708**	**9,013**	**9,199**
Shareholders' Equity	2,246	2,222	2,352	2,493	2,641
Minority Interests	288	269	301	328	349
Total Equity	**2,535**	**2,491**	**2,653**	**2,821**	**2,990**

Key Ratios

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue Growth	2.7%	17.5%	6.9%	6.8%	4.0%
Operating EBITDA Growth	6.4%	25.0%	5.5%	6.3%	3.7%
Operating EBITDA Margin	12.7%	13.5%	13.3%	13.2%	13.2%
Net Cash Per Share (S$)	(0.03)	(0.61)	(0.33)	(0.27)	(0.20)
BVPS (S$)	0.72	0.71	0.75	0.80	0.85
Gross Interest Cover	10.83	13.61	15.82	17.01	17.67
Effective Tax Rate	16.8%	14.8%	16.0%	16.0%	16.0%
Net Dividend Payout Ratio	94.7%	81.0%	80.0%	80.0%	80.0%
Accounts Receivables Days	75.85	55.29	72.95	88.62	89.79
Inventory Days	138.6	140.9	133.4	121.3	122.9
Accounts Payables Days	91.5	112.5	86.1	58.7	59.4
ROIC (%)	16.8%	18.8%	13.3%	17.0%	17.8%
ROCE (%)	18.2%	18.0%	16.6%	17.3%	17.4%
Return On Average Assets	6.78%	7.29%	6.83%	6.59%	6.60%

Key Drivers

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Rev. growth (%, main biz.)	0.0%	0.0%	0.0%	0.0%	0.0%
EBITDA mgns (%, main biz.)	N/A	N/A	N/A	N/A	N/A
Rev. as % of total (main biz.)	39.1%	39.6%	43.9%	43.3%	43.9%
EBITDA as % of total (main biz.)	N/A	N/A	N/A	N/A	N/A
Rev. growth (%, 2ndary biz.)	0.0%	0.0%	0.0%	0.0%	0.0%
EBITDA mgns (%, 2ndary biz.)	6.3%	5.6%	6.2%	5.2%	4.8%
Rev. as % of total (2ndary biz.)	N/A	N/A	N/A	N/A	N/A
EBITDA as % of total (2ndary biz.)	N/A	N/A	N/A	N/A	N/A
Rev. growth (%, tertiary biz.)	N/A	N/A	N/A	N/A	N/A
EBITDA mgns (%, tertiary biz.)	N/A	N/A	N/A	N/A	N/A
Rev.as % of total (tertiary biz.)	N/A	N/A	N/A	N/A	N/A
EBITDA as % of total (tertiary biz.)	N/A	N/A	N/A	N/A	N/A

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The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

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 or	No Survey Result
Description:	Excellent	Very Good	Good	N/A	

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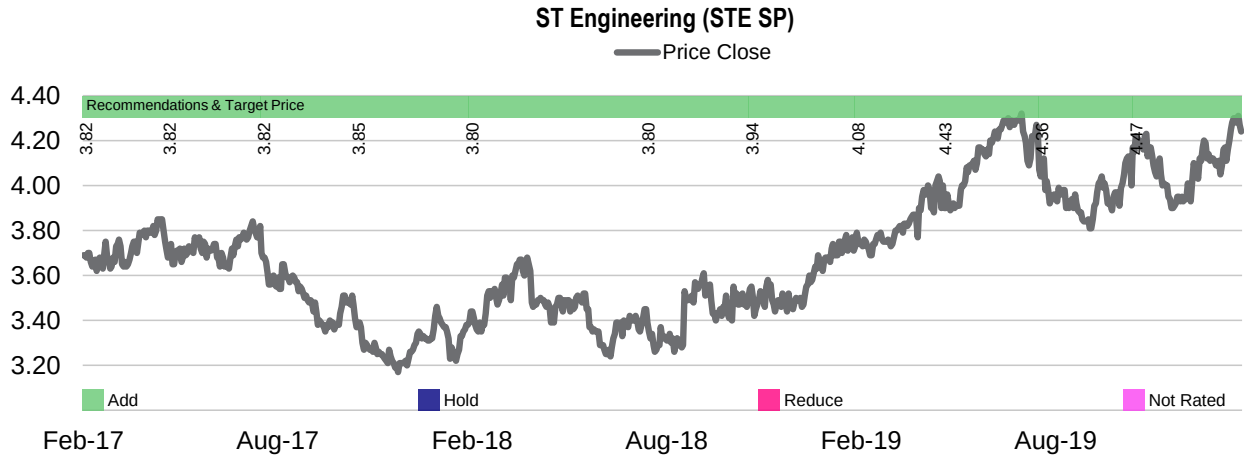
Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2019 798 companies under coverage for quarter ended on 31 December 2019		
	Rating Distribution (%)	Investment Banking clients (%)
Add	61.4%	0.0%
Hold	25.2%	0.0%
Reduce	13.4%	0.0%

Spitzer Chart for stock being researched (2 year data)



Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 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, **CENTEL** – 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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