

Jasmine Broadband Internet Infrastructure Fund JASIF

Jasmine Broadband Internet Infrastructure Fund

Bloomberg
Reuters

JASIF.TB
JASIF.BK

New assets to set its colors flying

JASIF has announced the acquisition of more assets from JAS. It will invest in OFCs with a maximum of 700k core km and will pay no more than Bt38bn. Funding will come from 60% equity and 40% debt. This requires unitholders' approval on August 23. This development will extend its lease contract to 2032 plus give an option to extend to 2042 from 2026. This will erase concerns and we now expect JASIF to rise further. Despite share price has increased by 15% YTD, its dividend yield remains attractive at 7.9% this year, 8.8% in 2020 and 8.9% in 2021. Maintain BUY with a new TP of Bt13.0 (from Bt11.5).

New asset acquisition. JASIF announced that the fund will invest in more optical fiber cable (OFCs) assets from JAS. It will invest in a maximum of 700k core km and will pay no more than Bt38bn. The funding will be 60% equity and 40% debt. JASIF expects to issue no more than 2,500mn new shares. The capital raising will be via a rights offering, with the offering price announced after unitholders' approval on August 23. We expect the transaction to be completed in Dec 2019.

Both upside and downside to our previous forecast. Upsides: 1) Better price per core km, 2) better capital structure, 3) fewer new shares issued and 4) lower expenses to move the cables underground. Downsides: 1) less favorable terms on the extension of the existing lease, 2) slightly lower rental rate for the extension in 2032-2042 and 3) more aggressive conditions than we expected for a further 10-year extension after 2032.

...but more up than down. Based on our estimates, the good things more than offset the bad. We therefore revise our assumptions to reflect the latest announcement. We now assume JASIF will acquire 700k core km for Bt38bn and that funding will consist of Bt15.5bn debt and Bt22.5 from a capital raising at Bt10.5/sh. This implies the issue of 2,143mn new shares. Currently, JASIF has 5,500mn shares. We also believe there will be lease extension after 2032 to 2042. Based on our estimates, JAS has to achieve 7.4% revenue CAGR during 2018-30F vs 16.7% for the past eight years.

BUY, raising DCF-based TP to Bt13.0 (from Bt11.5). We raise our TP on: 1) a lower discount rate of 7.5% from 8.0% due to a higher debt portion; 2) a change in key assumptions to reflect this announcement and 3) a roll-over in valuation base to 2020F. Based on our new assumptions, we now expect dividend per unit to be Bt0.91 in 2019, Bt1.02 in 2020 and Bt1.04 in 2021, implying yield of 7.9% this year, 8.8% in 2020 and 8.9% in 2021. With the greater clarity over the asset injection, we expect JASIF share price to rise further. Key risk would be JAS cannot achieve Bt40bn of broadband revenue in 2030F.

Forecasts and valuation

Year to 31 Dec	Unit	2017	2018	2019F	2020F	2021F
Revenue	(Btmn)	5,776	5,814	5,877	10,163	10,275
EBITDA	(Btmn)	5,416	5,424	5,402	9,413	9,475
Core profit	(Btmn)	5,443	5,455	5,402	8,643	8,802
Reported profit	(Btmn)	7,148	5,099	5,402	8,643	8,802
Core EPS	(Bt)	0.99	0.99	0.98	1.13	1.15
DPS	(Bt)	0.93	0.90	0.91	1.02	1.04
P/E, core	(x)	11.7	11.7	11.8	10.3	10.1
EPS growth, core	(%)	5.8	0.2	(1.0)	15.1	1.8
P/BV, core	(x)	1.1	1.1	1.1	1.1	1.1
ROE	(%)	9.4	9.3	9.1	12.1	10.5
Dividend yield	(%)	8.0	7.8	7.9	8.8	8.9
FCF yield	(%)	7.5	7.8	8.5	(32.2)	10.1
EV/EBIT	(x)	11.8	11.8	11.7	11.7	11.4
EBIT growth, core	(%)	5.8	0.1	(0.4)	59.9	1.6
EV/CE	(x)	1.1	1.1	1.1	1.1	1.1
ROCE	(%)	9.4	9.5	9.5	9.9	10.0
EV/EBITDA	(x)	11.8	11.8	11.7	10.8	10.6
EBITDA growth	(%)	5.7	0.1	(0.4)	74.3	0.7

Source: SCBS Investment Research

See the end of this report for disclaimer



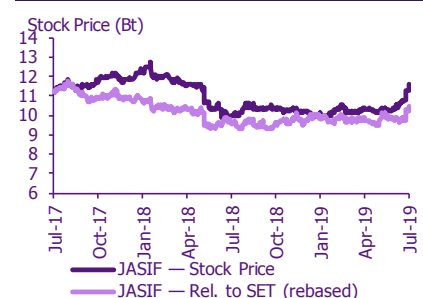
BUY

Stock data

Last close (Jul 10) (Bt)	11.60
12-m target price (Bt)	13.00
Upside (Downside) to TP (%)	12.07
Mkt cap (Btbn)	63.80
Mkt cap (US\$m)	2,071

Mkt cap (%) SET	0.36
Sector % SET	2.64
Shares issued (mn)	5,500
Par value (Bt)	10
12-m high / low (Bt)	11.7 / 9.9
Avg. daily 6m (US\$m)	3.53
Dividend policy (%)	≥ 90

Price performance



Source: SET, SCBS Investment Research

Share performance

(%)	1M	3M	12M
Absolute	11.5	12.6	16.0
Relative to SET	6.7	7.3	8.2

Source: SET, SCBS Investment Research

Expected total return (ETR)

Target price	(Bt)	13.00
12-month dividend	(Bt)	0.91
Capital gain	(%)	12.07
Dividend yield	(%)	7.87
Total return	(%)	19.94

Source: SET, SCBS Investment Research

Analyst

Kittisorn Pruittipat, CFA, FRM

Fundamental Investment

Analyst on Securities

(662) 949 1007

kittisorn.pruittipat@scb.co.th

Financial statement

Profit and Loss Statement

FY December 31	Unit	2015	2016	2017	2018	2019F	2020F	2021F
Total revenue	(Btmn)	4,377	5,442	5,776	5,814	5,877	10,163	10,275
Cost of goods sold	(Btmn)	(174)	(219)	(256)	(275)	(358)	(591)	(616)
Gross profit	(Btmn)	4,203	5,223	5,520	5,540	5,519	9,572	9,659
SG&A	(Btmn)	(78)	(99)	(104)	(116)	(117)	(159)	(184)
Other income	(Btmn)	31	27	27	32	0	5	29
Interest expense	(Btmn)	(68)	(6)	-	-	-	(775)	(701)
Pre-tax profit	(Btmn)	4,088	5,145	5,443	5,455	5,402	8,643	8,802
Corporate tax	(Btmn)	-	-	-	-	-	-	-
Equity a/c profits	(Btmn)	0	0	0	0	0	0	0
Minority interests	(Btmn)	-	-	-	-	-	-	-
Core profit	(Btmn)	4,088	5,145	5,443	5,455	5,402	8,643	8,802
Extra-ordinary items	(Btmn)	641	310	1,705	(356)	-	-	-
Net Profit	(Btmn)	4,729	5,455	7,148	5,099	5,402	8,643	8,802
EBITDA	(Btmn)	4,126	5,124	5,416	5,424	5,402	9,413	9,475
Core EPS	(Bt)	0.74	0.94	0.99	0.99	0.98	1.13	1.15
Net EPS	(Bt)	0.86	0.99	1.30	0.93	0.98	1.13	1.15
DPS	(Bt)	0.74	0.90	0.93	0.90	0.91	1.02	1.04

Balance Sheet

FY December 31	Unit	2015	2016	2017	2018	2019F	2020F	2021F
Total current assets	(Btmn)	3,999	464	13	47	490	2,864	2,432
Total fixed assets	(Btmn)	55,641	55,951	57,656	57,300	57,300	95,300	95,300
Total assets	(Btmn)	61,616	58,102	59,683	59,846	60,290	100,664	100,231
Total loans	(Btmn)	3,850	0	0	0	0	15,500	14,024
Total current liabilities	(Btmn)	4,747	1,359	928	941	988	1,794	1,921
Total long-term liabilities	(Btmn)	0	0	0	0	0	15,500	14,024
Total liabilities	(Btmn)	4,747	1,359	928	941	988	17,294	15,945
Paid-up capital	(Btmn)	55,000	54,314	54,184	54,184	54,184	76,684	76,684
Total equity	(Btmn)	56,869	56,743	58,755	58,905	59,302	83,370	84,287
BVPS	(Bt)	10.34	10.32	10.68	10.71	10.78	10.91	11.03

Cash Flow Statement

FY December 31	Unit	2015	2016	2017	2018	2019F	2020F	2021F
Core Profit	(Btmn)	4,088	5,145	5,443	5,455	5,402	8,643	8,802
Depreciation and amortization	(Btmn)	0	0	0	0	0	0	0
Operating cash flow	(Btmn)	1,156	9,439	4,986	5,440	5,448	10,212	9,606
Investing cash flow	(Btmn)	(57,002)	306	(174)	(458)	0	(38,771)	(677)
Financing cash flow	(Btmn)	55,990	(9,431)	(5,266)	(4,950)	(5,005)	30,926	(9,361)
Net cash flow	(Btmn)	144	315	(454)	32	444	2,367	(432)

Key Financial Ratios

FY December 31	Unit	2015	2016	2017	2018	2019F	2020F	2021F
Gross margin	(%)	96.0	96.0	95.6	95.3	93.9	94.2	94.0
Operating margin	(%)	94.3	94.2	93.8	93.3	91.9	92.6	92.2
EBITDA margin	(%)	94.3	94.2	93.8	93.3	91.9	92.6	92.2
EBIT margin	(%)	95.0	94.6	94.2	93.8	91.9	92.7	92.5
Net profit margin	(%)	108.0	100.2	123.7	87.7	91.9	85.0	85.7
ROE	(%)	14.4	9.1	9.4	9.3	9.1	12.1	10.5
ROA	(%)	13.3	8.6	9.2	9.1	9.0	10.7	8.8
Net D/E	(%)	0.1	net cash	net cash	net cash	net cash	0.2	0.1
Interest coverage	(%)	60.4	899.7	0.0	0.0	0.0	12.1	13.5
Debt service coverage	(%)	1.1	899.7	0.0	0.0	0.0	12.1	13.5
Payout Ratio	(%)	0.0	86.1	90.7	71.8	97.1	93.0	90.0

Main Assumptions

FY December 31	Unit	2015	2016	2017	2018	2019F	2020F	2021F
OFCs	(core km)	980,500	980,500	980,500	980,500	980,500	1,680,500	1,680,500
Rental rate for Main Lease Agreement	(Bt/core km/mth)	425.0	425.0	425.8	428.6	433.2	437.1	441.9
Rental rate for Rental Assurance Agreement	(Bt/core km/mth)	750.0	750.0	751.4	756.4	764.5	771.4	779.8
OFCs maintenance fee	(Bt/core km/mth)	200.0	206.0	212.2	218.5	225.1	231.9	238.8

Financial statement Profit and Loss Statement

FY December 31	Unit	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19
Total revenue	(Btmn)	1,444	1,444	1,482	1,454	1,454	1,454	1,454	1,469
Cost of goods sold	(Btmn)	(63)	(71)	(81)	(66)	(66)	(74)	(69)	(72)
Gross profit	(Btmn)	1,381	1,373	1,401	1,388	1,388	1,379	1,385	1,397
SG&A	(Btmn)	(26)	(26)	(40)	(27)	(34)	(29)	(25)	(34)
Other income	(Btmn)	7	6	11	7	7	8	9	10
Interest expense	(Btmn)	0	0	0	0	0	0	0	0
Pre-tax profit	(Btmn)	1,362	1,354	1,372	1,368	1,360	1,358	1,369	1,374
Corporate tax	(Btmn)	0	0	0	0	0	0	0	0
Equity a/c profits	(Btmn)	0	0	0	0	0	0	0	0
Minority interests	(Btmn)	0	0	0	0	0	0	0	0
Core profit	(Btmn)	1,362	1,354	1,372	1,368	1,360	1,358	1,369	1,374
Extra-ordinary items	(Btmn)	(418)	150	(2,133)	(56)	100	(300)	(100)	200
Net Profit	(Btmn)	944	1,504	(761)	1,312	1,460	1,059	1,269	1,574
EBITDA	(Btmn)	1,362	1,354	1,372	1,368	1,360	1,358	1,369	1,374
Core EPS	(Bt)	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Net EPS	(Bt)	0.17	0.27	(0.14)	0.24	0.27	0.19	0.23	0.29

Balance Sheet

FY December 31	Unit	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19
Total current assets	(Btmn)	898	965	928	901	910	928	941	894
Total fixed assets	(Btmn)	57,578	57,728	57,656	57,600	57,700	57,400	57,300	57,500
Total assets	(Btmn)	59,282	59,698	59,683	59,703	59,962	59,774	59,846	60,108
Total loans	(Btmn)	0	0	0	0	0	0	0	0
Total current liabilities	(Btmn)	898	965	928	901	910	928	941	894
Total long-term liabilities	(Btmn)	0	0	0	0	0	0	0	0
Total liabilities	(Btmn)	898	965	928	901	910	928	941	894
Paid-up capital	(Btmn)	54,184	54,184	54,184	54,184	54,184	54,184	54,184	54,184
Total equity	(Btmn)	58,384	58,732	58,755	58,802	59,052	58,845	58,905	59,213
BVPS	(Bt)	10.62	10.68	10.68	10.69	10.74	10.70	10.71	10.77

Cash Flow Statement

FY December 31	Unit	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19
Core Profit	(Btmn)	1,362	1,354	1,372	1,368	1,360	1,358	1,369	1,374
Depreciation and amortization	(Btmn)	0	0	0	0	0	0	0	0
Operating cash flow	(Btmn)	1,376	1,421	1,336	1,336	1,371	1,381	1,384	1,324
Investing cash flow	(Btmn)	81	(132)	(231)	(37)	(132)	(110)	(179)	(60)
Financing cash flow	(Btmn)	(1,454)	(1,222)	(1,185)	(1,282)	(1,225)	(1,268)	(1,207)	(1,265)
Net cash flow	(Btmn)	4	67	(80)	17	15	3	(3)	(0)

Key Financial Ratios

FY December 31	Unit	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19
Gross margin	(%)	95.7	95.1	94.5	95.5	95.5	94.9	95.3	95.1
Operating margin	(%)	93.9	93.3	91.8	93.6	93.1	92.9	93.6	92.8
EBITDA margin	(%)	94.3	93.7	92.6	94.1	93.6	93.4	94.2	93.5
EBIT margin	(%)	94.3	93.7	92.6	94.1	93.6	93.4	94.2	93.5
Net profit margin	(%)	65.4	104.1	(51.3)	90.2	100.4	72.8	87.3	107.1
ROE	(%)	9.3	9.2	9.3	9.3	9.3	9.2	9.3	9.3
ROA	(%)	9.2	9.1	9.2	9.2	9.1	9.1	9.2	9.2
Net D/E	(%)	net cash	net cash	net cash	net cash	net cash	net cash	net cash	net cash
Interest coverage	(%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt service coverage	(%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Main Assumptions

	Unit	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19
OFCs	(core km)	980,500	980,500	980,500	980,500	980,500	980,500	980,500	980,500
Rental rate for Main Lease Agreement	(Bt/core km/mth)	425.8	425.8	425.8	428.6	428.6	428.6	428.6	433.2
Rental rate for Rental Assurance Agreement	(Bt/core km/mth)	751.4	751.4	751.4	756.4	756.4	756.4	756.4	764.5
OFCs maintenance fee	(Bt/core km/mth)	212.2	212.2	212.2	218.5	218.5	218.5	218.5	225.1

Assets injection finally comes

JASIF announced the acquisition of additional assets from JAS

Yesterday, JASIF announced to the SET that it will invest in additional assets made up of optical fibre cables from JAS. Below are the details of the new assets to be acquired and the lease term for the new assets. There will be an amendment of the existing lease agreement.

- 1) JASIF will not buy more than 700,000 core km and will not pay more than Bt38bn.
- 2) The purchase will be funded by a combination of a capital call and debt. JASIF expects to issue no more than 2,500mn new shares and debt of up to Bt15.5bn. It will raise capital via a rights offering (RO); the offering price will be announced after unitholders' give their approval on August 23. Currently, JASIF has 5,500mn shares.
- 3) The lease on the new assets will end in 2032.
- 4) The existing lease agreement will be extended to 2032 from 2026 only for the Master Lease agreement (80% of existing asset capacity and 70% of revenue based on 2018).
- 5) There will be an option that JAS can extend the lease contract by another 10 years or until 2042 for both existing and new assets for Master Lease agreement if two conditions are met: 1) revenue from JAS's broadband business must be at least Bt40bn (it was Bt17bn in 2018) and all relevant licenses held by JAS are renewed. The rental rate for the extended 10-year period will start from Bt433.21 per core km per month and this will grow in line with CPI but will go up no more than 3% but also not less than 0%.
- 6) For costs and expenses related to moving the existing optical fiber cables underground and rental fees for the underground subducts, JAS will absorb any amount in excess of the costs as agreed between the parties at the time of the Fund's initial public offering in 2015.

There are both upsides and downsides to our previous forecast

Better than expected:

- 1) Price per core km looks to be lower than we had anticipated. We assumed Bt62,500/core km vs the Bt54,285/ core km maximum price stated by JASIF.
- 2) The capital structure is better than we had feared. We assumed 80% equity financing and 20% debt but instead it will be 60% equity financing and 40% debt. A higher debt portion means a lower discount rate, as cost of debt is lower than cost of equity.
- 3) New shares issued look to be fewer than we had forecast due to the better capital structure; we had also assumed an offering price of Bt10/sh vs Bt11.6/sh for yesterday's closing price.
- 4) JAS will absorb the costs of underground relocation in excess of the costs earlier agreed between the parties at the time of the Fund's initial public offering in 2015. Our assumptions assumed JASIF would have to absorb all of these expenses.

Worse than expected

- 1) The extension of the existing lease agreement until 2032 will apply only to the Master Lease agreement (70% of JASIF's revenue in 2018). We had earlier assumed both the Master Lease and the revenue assurance agreements would be extended until 2032.
- 2) The conditions for another 10-year extension to 2042 appear more stringent than we expected.
- 3) The rental rate in 2032 if JAS extends the lease agreement for another 10 years is slightly lower than our forecast. We assumed Bt441/core km/mth vs Bt433/core km/mth

But, more good than bad

Based on our estimates, the good things more than offset the bad. We therefore revise our assumptions to reflect the latest announcement. We now assume JASIF will acquire 700k core km for Bt38bn and that funding will consist of Bt15.5bn debt and Bt22.5 from a capital raising at Bt10.5/sh. This implies the issue of 2,143mn new shares. Currently, JASIF has 5,500mn shares. We also believe there will be lease extension after 2032 to 2042. Based on

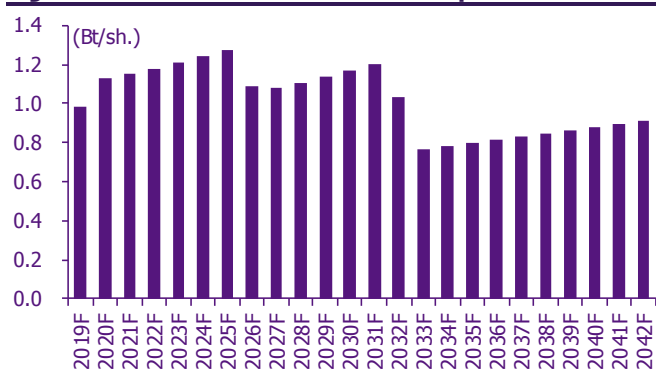
our estimates, JAS has to achieve 7.4% revenue CAGR during 2018-30F vs 16.7% for the past eight years. 2019 dividend per unit is unchanged at Bt0.91, but this lifts our dividend per unit to Bt1.02 from Bt0.92 in 2020 and Bt1.04 from Bt0.93 in 2021. This implies dividend yield of 7.9% in 2019, 8.8% in 2020 and 8.9% in 2021F.

Figure 1: Revised assumptions

	Actual	New assumptions	Previous assumptions
Size of new assets	max 700,000 core km.	700,000 core km.	800,000 core km.
Acquisition price	up to Bt38bn	Bt38bn	Bt50bn
Price per core km.	max Bt54,286 per core km.	Bt54,286 per core km.	Bt62,500 per core km.
Capital structure	Equity 60%, Debt 40%	Equity 60%, Debt 40%	Equity 80%, Debt 20%
Offering price	na.	Bt10.5/sh.	Bt10/sh.
New shares issued	max 2,500mn shares	2,143mn shares	4,000mn shares
Debt portion	max Bt15.5bn	Bt15.5bn	Bt10bn
New lease term on existing assets	- Master lease agreement: end 2032	- Master lease agreement: end 2032	- Master lease agreement: end 2032
	- Revenue assurance agreement: end 2026	- Revenue assurance agreement: end 2026	- Revenue assurance agreement: end 2032
Lease term on new assets	- Master lease agreement: end 2032	- Master lease agreement: end 2032	- Master lease agreement: end 2032
	- Revenue assurance agreement: end 2032	- Revenue assurance agreement: end 2032	- Revenue assurance agreement: end 2032
Condition on lease extension after 2032	- JAS's broadband revenue >= Bt40bn in 2030F	- JAS's broadband revenue >= Bt40bn in 2030F	Use historical revenue and market share as benchmark
Rental rate after 2032	- Related licenses are renewed Bt433.21/core km/mth	- Related licenses are renewed Bt433.21/core km/mth	Bt441/core km/mth

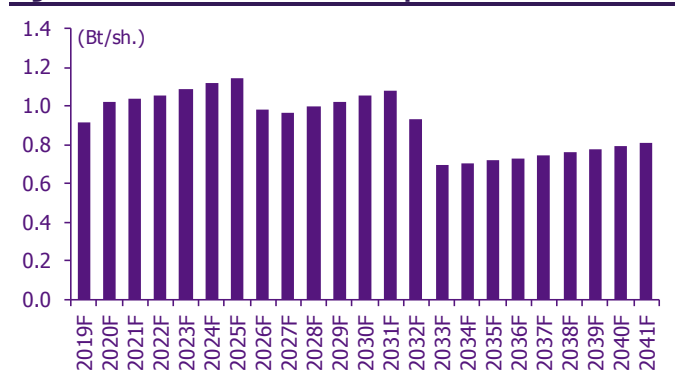
Source: SCBS Investment Research, JASIF

Figure 2: Core EPS under new assumptions



Source: SCBS Investment Research, JASIF

Figure 3: DPU under new assumptions



Source: SCBS Investment Research, JASIF

BUY raised TP to Bt13 (from Bt11.5)

We raise our TP on: 1) a lower discount rate of 7.5% from 8.0% due to a higher debt portion, 2) fewer new shares issued, 3) a roll-over of valuation base to 2020F. Based on our new assumptions, we now expect a dividend per unit to be Bt0.91 in 2019, Bt1.02 in 2020 and Bt1.04 in 2021F, implying 7.9% dividend yield in 2019, 8.8% in 2020 and 8.9% in 2021. Given the greater clarity over the asset injection, we expect JASIF to rise further. Key risk would be JAS cannot achieve Bt40bn of broadband revenue in 2030F.

Figure 4: Valuation summary (price as of Jul 10, 2019)

	Price (Bt)	Mkt Cap (Btm)	PE (x)			EPS Growth (%)			PBV (x)			Div. Yield (%)			ROE (%)			EV/EBITDA (x)		
			19F	20F	21F	19F	20F	21F	19F	20F	21F	19F	20F	21F	19F	20F	21F	19F	20F	21F
DIF	17.8	171,555	15.9	15.7	15.6	19.5	1.5	0.7	1.1	1.1	1.1	6.2	6.3	6.3	6.7	6.8	6.9	17.4	16.0	15.9
JASIF	11.6	63,800	11.8	10.3	10.1	(1.0)	15.1	1.8	1.1	1.1	1.1	7.9	8.8	8.9	9.1	12.1	10.5	11.7	10.8	10.6
BTSGIF	11.4	65,983	14.6	12.9	11.5	6.9	13.2	12.7	1.0	1.1	1.1	7.1	6.1	6.7	7.1	6.8	8.9	14.2	13.3	11.8
CPNREIT	32.8	72,459	19.2	17.9	16.4	(1.3)	7.2	9.3	2.4	2.4	n.a	5.0	5.3	6.1	12.7	13.4	15.2	20.7	19.6	18.5
EGATIF	12.9	26,903	28.7	29.3	31.5	(53.9)	(2.2)	(6.8)	1.3	1.4	1.4	6.3	3.4	3.3	4.4	4.5	4.4	28.6	29.2	31.4
IMPACT	27.8	41,139	29.5	28.2	26.9	15.8	4.6	4.8	2.5	2.5	2.5	3.2	3.3	3.5	8.7	9.1	9.4	28.3	28.4	26.7
SPF	23.7	22,515	16.0	15.7	14.8	5.8	1.7	6.0	n.a	n.a	n.a	6.1	6.2	5.5	11.7	12.1	12.6	15.8	15.2	14.6
WHART	17.1	38,449	24.2	23.8	23.9	7.9	1.4	(0.3)	1.8	1.8	1.8	4.4	4.4	4.3	7.1	7.3	7.3	26.4	23.6	21.8
			20.0	19.2	18.8	(0.0)	5.3	3.5	1.6	1.6	1.5	5.8	5.5	5.6	8.4	9.0	9.4	20.4	19.5	18.9

Source: SCBS Investment Research, Bloomberg

* SCBS estimates

Disclaimer

The information in this report has been obtained from sources believed to be reliable. However, its accuracy or completeness is not guaranteed. Any opinions expressed herein reflect our judgment at this date and are subject to change without notice. This report is for information only. It is not to be construed as an offer, or solicitation of an offer to sell or buy any securities. We accept no liability for any loss arising from the use of this document. We or our associates may have an interest in the companies mentioned therein.

SCB Securities Company Limited ("SCBS") is a wholly-owned subsidiary of The Siam Commercial Bank Public Company Limited ("SCB"). Any information related to SCB is for sector comparison purposes.

SCB Securities Company Limited ("SCBS") acts as market maker and issuer of Derivative Warrants on the ordinary shares ADVANC, AOT, BANPU, BCH, BCP, BDMS, BEM, BH, BJC, CBG, CENTEL, CHG, CK, CKP, DTAC, EA, ESSO, GFPT, GUNKUL, INTUCH, IRPC, IVL, KCE, KTC, MINT, MTC, ORI, PLANB, PRM, PSL, PTT, PTTEP, PTTGC, ROBINS, RS, SAWAD, SGP, SPRC, STA, STEC, TASCO, TISCO, TKN, TOP, TVO, VGI, WORK

Before making an investment decision over a derivative warrant, an investor should carefully read the prospectus for the details of the said derivative warrants. Any opinion, news, research, analyse, price, statement, forecast, projection and/or other information contained in this document (the "Information") is provided as general purpose information only, and shall not be construed as a recommendation to any person of an offer to buy or sell, or the solicitation of an offer to buy or sell, any securities. SCBS and/or its directors, officers, employees, and agents shall not be liable for any direct, indirect, incidental, special or consequential loss or damage, resulting from the use of, or reliance on, the Information, including without limitation, damages for loss of profits. The investor should use the Information in association with other information and opinion, including his/her own judgment in making investment decision. The Information is obtained from sources believed to be reliable, and SCBS cannot guarantee the accuracy, completeness and/or correctness of the Information.

SCBS reserves the right to modify the Information from time to time at its sole discretion without giving any notice. This document is delivered to intended recipient(s) only and is not permitted to reproduce, retransmit, disseminate, sell, distribute, republish, circulate or commercially exploit the Information in any manner without the prior written consent of SCBS.

This document is prepared by SCB Securities Company Limited ("SCBS") which is wholly-owned by The Siam Commercial Bank Public Company Limited ("SCB"). SCB has acted as financial advisor of Global Power Synergy Public Company Limited. Any opinions, news, research, analyses, prices, statements, forecasts, projections and/or other information contained in this document (the "Information") is provided as general information purposes only, and shall not be construed as individualized recommendation of an offer to buy or sell or the solicitation of an offer to buy or sell any securities. SCBS and/or its directors, officers and employees shall not be liable for any direct, indirect, incidental, special or consequential loss or damage, resulting from the use of or reliance on the Information, including without limitation to, damages for loss of profits. The investors shall use the Information in association with other information and opinion, including their own judgment in making investment decision. The Information is obtained from sources believed to be reliable, and SCBS cannot guarantee the accuracy, completeness and/or correctness of the Information.

This document is prepared by SCB Securities Company Limited ("SCBS") which is wholly-owned by The Siam Commercial Bank Public Company Limited ("SCB"). SCB Asset Management Company Limited ("SCBAM") which is wholly-owned by The Siam Commercial Bank Public Company Limited ("SCB"). SCB has acted as Financial Advisor of Digital Telecommunications Infrastructure Fund. SCBAM has acted as Fund Manager of Digital Telecommunications Infrastructure Fund. Any opinions, news, research, analyses, prices, statements, forecasts, projections and/or other information contained in this document (the "Information") is provided as general information purposes only, and shall not be construed as individualized recommendation of an offer to buy or sell or the solicitation of an offer to buy or sell any securities. SCBS and/or its directors, officers and employees shall not be liable for any direct, indirect, incidental, special or consequential loss or damage, resulting from the use of or reliance on the Information, including without limitation to, damages for loss of profits. The investors shall use the Information in association with other information and opinion, including their own judgment in making investment decision. The Information is obtained from sources believed to be reliable, and SCBS cannot guarantee the accuracy, completeness and/or correctness of the Information.

Futures and Options trading carry a high level of risk with the potential for substantial losses, and are not suitable for all persons. Before deciding to trade Futures and Options, you should carefully consider your financial position, investment objectives, level of experience, and risk appetite if Futures and Options trading are appropriate. The possibility exists that you could sustain a loss of some or all of your initial investment. You should be aware of all the risks associated with Futures and Options trading, and you are advised to rely on your own judgment while making investment decision and/or should seek advice from professional investment advisor if you have any doubts.

This document is delivered to intended recipient(s) only and is not permitted to reproduce, retransmit, disseminate, sell, distribute, republish, circulate or commercially exploit the Information in any manner without the prior written consent of SCBS.

Copyright©2012 SCB Securities Company Limited. All rights reserved.

CG Rating 2018 Companies with CG Rating

▲▲▲▲▲

ADVANC, AKP, AMATA, AMATAV, ANAN, AOT, AP, BAFS, BANPU, BAY, BCP, BCPG, BRR, BTS, BWG, CFRESH, CHO, CK, CKP, CM, CNT, COL, CPF, CPI, CPN, CSL, CSS, DELTA, DEMCO, DRT, DTAC, DTC, EA, EASTW, EGCO, GC, GEL, GFPT, GGC*, GOLD, GPSC, GRAMMY, GUNKUL, HANA, HMPRO, ICC, ICHI, INTUCH, IRPC, IVL, JSP, KBANK, KCE, KKP, KSL, KTB, KTC, LHFG, LIT, LPN, MAKRO, MBK, MCOT, MINT, MONO, MTC, NCL, NKI, NVD, NYT, OISHI, OTO, PCSGH, PDJ, PG, PHOL, PLANB, PLANET, PPS, PRG, PSH, PSL, PTG, PTT, PTTEP, PTTGC, PYLON, Q-CON, QH, QTC, RATCH, ROBINS, S & J, SABINA, SAMART, SAMTEL, SAT, SC, SCB, SCC, SCCC, SDC, SE-ED, SIS, SITHAI, SNC, SPALI, SPRC, SSSC, STEC, SVI, SYNTEC, TASCOC, TCAP, THAI, THANA, THANI, THCOM, THIP, THREL, TIP, TISCO, TKT, TMB, TNDT, TOP, TRC, TRU, TRUE, TSC, TSTH, TTCL, TU, TVD, UAC, UV, VGI, VIH, WACOAL, WAVE, WHA, WINNER

▲▲▲▲

2S, AAV, ACAP, AGE, AH, AHC, AIRA, AIT, AKR, ALLA, ALT, AMA, AMANAH, APCO, AQUA, ARIP, ARROW, ASIA, ASIMAR, ASK, ASN, ASP, ATP30, AU, AUCT, AYUD, BA, BBL, BDMS, BEC, BEM, BFIT, BGRIM, BIZ, BJC, BJCHI, BLA, BOL, BPP, BROOK, BTW, CBG, CEN, CENTEL, CGH, CHEWA, CHG, CHOW, CI, CIMBT, CNS, COM7, COMAN, CPALL, CSC, CSP, DCC, DCORP, DDD, EASON, ECF, ECL, EE, EPG, ERW, ETE, FN, FNS, FORTH, FPI, FSMART, FVC, GBX, GCAP, GLOBAL, GLOW, GULF, HARN, HPT, HTC, HYDRO, ICN, ILINK, INET, IRC, ITD*, JAS, JCKH, JKN, JWD, K, KBS, KCAR, KGI, KKC, KOOL, KTIS, L&E, LANNA, LDC, LH, LHK, LOXLEY, LRH, LST, M, MACO, MAJOR, MALEE, MBKET, MC, MEGA, METCO, MFC, MFEC, MK, MOONG, MSC, MTI, NCH, NEP, NINE, NOBLE, NOK, NSI, NTV, NWR, OCC, OGC, ORI, PAP, PATO, PB, PDI, PJW, PLAT, PM, PORT, PPP, PREB, PRECHA, PRINC, PRM, PT, QLT, RICHY, RML, RS, RWI, S, S11, SALEE, SANKO, SAWAD, SCG, SCI, SCN, SE, SEAFCO, SEAOLIL, SELIC, SENA, SFP, SIAM, SINGER, SIRI, SKE, SMK, SMPC, SMT, SNP, SORKON, SPC, SPI, NEX, SPVI, SR, SSF, SST, STA, SUC, SUSCO, SUTHA, SWC, SYMC, SYNEX, TACC, TAE, TAKUNI, TBSP, TCC, TEAM, TFG, TFMAMA, THRE, TICON, TIPCO, TK, TKN, TKS, TM, TMC, TMI, TMILL, TMT, TNITY, TNL, TNP, TNR, TOA, TOG, TPA, TPAC, TPBI, TPCORP, TRITN, TRT, TSE, TSR, TSTE, TTA, TTW, TVI, TVO, TWP, TWPC, U, UMI, UOBKH, UP, UPF, UPOIC, UT, UWC, VNT, WHAUP, WICE, WIIK, XO, YUASA, ZMICO

▲▲▲

7UP, ABICO, AEG, AEC, AEONTS, AF, AJ, ALUCON, AMARIN, AMC, AS, ASAP, ASEFA, ASIAN, BCH, BEAUTY, BGT, BH, BIG, BLAND, BM, BR, BROCK, BSBM, BTNC, CCET, CCP, CGD, CHARAN, CHAYO, CITY, CMO, CMR, COLOR, CPL, CPT, CRD, CSR, CTW, CWT, D, DCON, B52, DIMET, EKH, EMC, EPCO, ESSO, ESTAR, FE, FLOYD, PROUD, FSS, FTE, GENCO, GIFT, GJS, GLAND, GPI, GREEN, GTB, GYT, HTECH, IFS, IHL, III, INOX, INSURE, IRPC, IT, ITEL, J, JCK, JMART, JMT, JTS, JUBILE, KASET, KCM, KIAT, KWC, KWG, KYE, LALIN, LEE, LPH, MATCH, MATI, MBAX, M-CHAI, MDX, META, MILL, MJD, MM, MODERN, MPG, NC, NDR, NETBAY, NNCL, NPK, OCEAN, PAF, PDG, PF, PICO, PIMO, PK, PL, PLE, PMTA, PPPM, PRIN, PSTC, PTL, RCI, RCL, RJH, ROJNA, RPC, RPH, SAMCO, SAPPE, SCP, SF, SGF, SGP, SKN, SKR, SKY, SLP, SMIT, SOLAR, SPA, SPCG, SPG, SQ, SRICHA, SSC, SSP, STANLY, STPI, SUN, SUPER, SVOA, T, TCCC, TCMC, THE, THG, THMUI, TIC, TITLE, TIW, TMD, TOPP, TPCH, TPIPP, TPOLY, TTI, TVT, TYCN, UEC, UMS, UNIQ, VCOM, VIBHA, VPO, WIN, WORK, WP, WPH, ZIGA

Corporate Governance Report

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. SCB Securities Company Limited does not conform nor certify the accuracy of such survey result.

To recognize well performers, the list of companies attaining "Good", "Very Good" and "Excellent" levels of recognition

(Not including listed companies qualified in the "no announcement of the results" clause from 1 January 2017 to 19 October 2018) is publicized.

CSL was voluntarily delisted from the Stock Exchange of Thailand effectively on July 26, 2018

* บริษัทหรือกรรมการหรือผู้บริหารของบริษัทที่มีข่าวด้านการกำกับดูแลกิจการ เช่น การกระทำความผิดเกี่ยวกับหลักทรัพย์ การทุจริต คอร์รัปชัน เป็นต้น ซึ่งการใช้ข้อมูล CGR ควรตระหนักถึงข่าวดังกล่าวประกอบด้วย

Anti-corruption Progress Indicator

Certified (ได้รับการรับรอง)

ADVANC, AKP, AMANAH, AP, APCS, ASK, ASP, AYUD, BAFS, BANPU, BAY, BBL, BCH, BCP, BCPG, BGRIM, BJCHI, BKI, BLA, BROOK, BRR, BSBM, BTS, BWG, CENTEL, CFRESH, CHEWA, CIG, CM, CNS, COM7, CPALL, CPF, CPI, CPN, CSC, DCC, DEMCO, DIMET, DRT, DTAC, DTC, EASTW, ECL, EGCO, EPCO, FE, FNS, FPT, FSS, GBX, GC, GCAP, GEL, GFPT, GGC, GJS, GLOW, GOLD, GPSC, GSTEEL, GUNKUL, HANA, HARN, HMPRO, HTC, ICC, IFEC, IFS, INET, INTUCH, IRPC, IVL, K, KASET, KBANK, KBS, KCAR, KCE, KGI, KKP, KSL, KTB, KTC, KWC, L&E, LANNA, LHFG, LHK, LPN, M, MAKRO, MALEE, MBAX, MBK, MBKET, MC, MCOT, MFC, MINT, MONO, MOONG, MSC, MTI, NBC, NINE, NKI, NMG, NNCL, NSI, OCC, OCEAN, OGC, PATO, PB, PCSGH, PDG, PDI, PDJ, PE, PG, PHOL, PL, PLANET, PLAT, PM, PPP, PPPM, PPS, PREB, PRG, PRINC, PSH, PSTC, PT, PTG, PTT, PTTEP, PTTGC, Q-CON, QH, QLT, RATCH, RML, ROBINS, S & J, SABINA, SAT, SC, SCB, SCC, SCCC, SCG, SUN, SE-ED, SELIC, SENA, SGP, SINGER, SIRI, SIS, SITHAI, SMIT, SMK, SMPC, SNC, SNP, SORKON, SPACK, SPC, SPI, SPRC, SRICHA, SSF, SSI, SSSC, STA, SUSCO, SVI, SYNTEC, TAE, TASCOC, TCAP, TCMC, TFG, TFI, TFMAMA, THANI, THCOM, THRE, THREL, TIP, TIPCO, TISCO, TKT, TMB, TMD, TMILL, TMT, TNITY, TNL, TNP, TOG, TOP, TPA, TPCORP, TRU, TRUE, TSC, TSTH, TTCL, TU, TVD, TVI, TWPC, U, UBIS, UOBKH, VGI, VNT, WACOAL, WHA, WICE, WIIK

Declared (ประกาศเจตนารมณ์)

A, ABICO, AIE, AJ, AMATA, AMATAV, ANAN, AOT, APCO, ARROW, ASIAN, B, BJC, BLAND, BLISS, BM, BPP, BR, BUI, CEN, CGH, CHG, CHO, CHOTI, CI, CIMBT, CITY, COL, CPR, DDD, EFORL, EKH, ESTAR, ETE, FLOYD, FN, FPI, FTE, GPI, GYT, ICHI, ILINK, INSURE, IRC, ITEL, JAS, JTS, KWG, LDC, LEE, LIT, LRH, MATCH, MATI, META, MFEC, MILL, MTC, NCL, NEP, NWR, ORI, PAP, PK, PLANB, POST, PRM, PRO, PSL, PYLON, QTC, ROJNA, RWI, SAPPE, SCI, SHANG, SPALI, SST, STANLY, SUPER, SWC, SYMC, SYNEX, TAKUNI, THE, THIP, TKN, TMC, TNR, TOPP, TPP, TRITN, TTI, TVO, UEC, UKEM, UP, UREKA, UV, UWC, VIH, XO, YUASA

N/A

2S, 7UP, AAV, ABM, ACAP, ACC, ACG, ADAM, ADB, AEC, AEONTS, AF, AFC, AGE, AH, AHC, AI, AIRA, AIT, AJA, AKR, ALL, ALLA, ALT, ALUCON, AMA, AMARIN, AMC, APEX, APURE, AQ, AQUA, ARIN, ARIP, AS, ASAP, ASEFA, ASIA, ASIMAR, ASN, ATP30, AU, AUCT, BA, BAT-3K, BCT, BDMS, BEAUTY, BEC, BEM, BFIT, BGC, BGT, BH, BIG, BIZ, BKD, BOL, BROCK, BSM, BTNC, BTW, CAZ, CBG, CCET, CCP, CGD, CHARAN, CHAYO, CHOW, CHUO, CK, CKP, CMAN, CMC, CMO, CMR, CNT, COLOR, COMAN, COTTO, CPH, CPL, NPT, CRANE, CRD, CSP, CSR, CSS, CTW, CWT, D, DCON, DCORP, DELTA, B52, DOD, DTIC, EA, EARTH, EASON, ECF, EE, EIC, EMC, EPG, ERW, ESSO, EVER, F&D, FANCY, FC, FMT, PROUD, FORTH, FSMART, FVC, GENCO, GIFT, GL, GLAND, GLOBAL, GRAMMY, GRAND, GREEN, GSC, GTB, GULF, HFT, HPT, HTECH, HUMAN, HYDRO, ICN, IHL, III, INGRS, INOX, IRPC, IT, ITD, J, JCK, JCKH, JCT, JKN, JMART, JMT, JSP, JUBILE, JUTHA, JWD, KAMART, KC, KCM, KDH, KIAT, KKC, KOOL, KTECH, KTIS, KWM, KYE, LALIN, LH, LOXLEY, LPH, LST, MACO, MAJOR, MANRIN, MAX, M-CHAI, MCS, MDX, MEGA, METCO, MGT, MIDA, MITSIB, MJD, MK, ML, MM, MODERN, MORE, MPG, MPIC, MVP, NC, NCH, NDR, NER, NETBAY, NEW, NEWS, NFC, NOBLE, NOK, NPK, NPPG, NTV, NUSA, NVD, NYT, OHTL, OISHI, OSP, OTO, PACE, PAE, PAF, PERM, PF, PICO, PIMO, PJW, PLE, PMTA, POLAR, POMPU, PORT, PPM, PR9, PRAKIT, PRECHA, PRIN, PTL, RAM, RCI, RCL, RICH, RICHY, RJH, ROCK, ROH, RP, RPC, RPH, RS, RSP, S, S11, SAAM, SAFARI, SALEE, SAM, SAMART, SAMCO, SAMTEL, SANKO, SAUCE, SAWAD, SAWANG, SCP, SDC, SE, SEAFCO, SEAOLIL, SF, SFP, SGF, SIAM, SIMAT, SISB, SKE, SKN, SKR, SKY, SLP, SMART, SMM, SMT, SOLAR, SONIC, SPA, SPCG, SPG, SPORT, NEX, SPVI, SQ, SR, SSC, SSP, STAR, STEC, STHAI, STI, STPI, SUC, SUN, SUTHA, SVH, SVOA, T, TACC, TAPAC, TBSP, TC, TCC, TCCC, TCJ, TCOAT, TEAM, TEAMG, TGPRO, TH, THAI, THANA, THG, THL, THMUI, TIC, TIGER, TITL, TIW, TK, TKS, TM, TMI, TMW, TNDT, TNH, TNPC, TOA, TPAC, TPBI, TPCH, TPIPL, TPIPP, TPLAS, TPOLY, TQM, TR, TRC, TRT, TRUBB, TSE, TSF, TSI, TSR, TSTE, TTA, TTT, TTW, TVT, TWP, TWZ, TYCN, UAC, UMI, UMS, UNIQ, UP, UPF, UPOIC, UT, UTP, UVAN, VARO, VCOM, VI, VIBHA, VL, VNG, VPO, VRANDA, WAVE, WG, WHAUP, WIN, WINNER, WORK, WORLD, WP, WPH, WR, YCI, ZEN, ZIGA, ZMICO

Explanations

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.