

Malaysia

ADD (no change)

Consensus ratings*: Buy 1 Hold 0 Sell 0

Current price:	RM0.78
Target price:	RM1.84
Previous target:	RM1.84
Up/downside:	136.1%
CGS-CIMB / Consensus:	0.1%
Reuters:	LHTM.KL
Bloomberg:	LSKG MK
Market cap:	US\$30.11m
	RM126.2m
Average daily turnover:	US\$0.01m
	RM0.03m
Current shares o/s:	167.8m
Free float:	26.3%

*Source: Bloomberg

Key changes in this note

➤ No change.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-5.5	-11.4	-14.3
Relative (%)	-10.5	-10.1	-11.3

Major shareholders	% held
Lee Swee Kiat & Sons Bhd	51.8
Kong Sim Lee	6.9
Ultimate Arrow S B	4.9

Analyst(s)

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Lee Swee Kiat Group

On track for record earnings in 2022F

- We view LSK as a proxy to the recovery in consumer spending, backed by: i) higher mattress sales, ii) price hikes, and iii) higher economies of scale.
- We expect LSK's collaboration with Cuckoo Malaysia to propel its profitability to new heights going forward, with more marketing activities expected.
- LSK's valuation is undemanding at 5.5x CY23 P/E, an 81.6% discount to our discretionary consumer sector's mean CY23 P/E. Reiterate Add.

Witnessing a rebound in local sales since 4Q21

Since the gradual lifting of lockdown measures starting Oct 21, LSK has been witnessing a strong rebound in sales in the local market. This is in tandem with the reopening of its retail outlets, as well as more large-scale furniture fairs and exhibitions being held. On top of that, we gather that LSK has seen a surge in mattress sales in areas affected by the recent floods. Supported by the price increases effective 1H21, we expect the higher sales to translate into margin expansion for the company from 4Q21 onwards.

Sales of A-series mattress in 2021 affected by lockdowns

While LSK aimed to sell 12,000 A-series mattresses (sold under LSK's collaboration with Cuckoo) in 2021F, sales likely fell short (estimated to reach only 7,000, which is in line with our estimates) due to the impact of various lockdowns throughout 2021. Nevertheless, we take comfort that sales in May 21 (prior to the implementation of a full movement control order [FMCO] in Jun-Sep 2021) was an encouraging 1.5k units.

Still optimistic on prospects of collaboration with Cuckoo

We remain optimistic about LSK's collaboration with Cuckoo International. With the lifting of lockdown measures and supported by better consumer sentiment and more marketing activities, LSK is confident of achieving sales of 20,000 units (+185% yoy) in FY22F. In our view, the rental model (with low initial purchase cost) offered by Cuckoo-LSK when purchasing A-series mattresses could also be an attractive proposition to buyers amid the current subdued consumer sentiment. Note that LSK expects contributions from its collaboration with Cuckoo to contribute at least 20% of its turnover from FY22F onwards.

Net cash position will support attractive dividend yields in FY23-24F

As at end-3Q21, LSK has a net cash position of RM5.6m. With no major capex planned in FY22-23F (flat at RM3.5m for FY21-23F), we expect its robust balance sheet to support its dividend payouts (45% for FY21-23F). With an expected rebound in earnings, mainly in FY22-23F, this could translate into solid dividend yields of 2.9-8.3% for FY21-23F.

Reiterate our Add call

We make no changes to our FY22-24F EPS forecasts. We also keep our Add call and TP of RM1.84, based on 13x CY23 P/E, in line with its 5-year mean. We continue to like LSK for its: i) defensive business (resilient demand for beds); ii) attractive valuation (5.5x CY23F P/E); and iii) strong fundamentals (high ROE and net cash position). Re-rating catalyst: a spike in sales volume and higher-than-expected sales from its collaboration with Cuckoo.

Financial Summary	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
Revenue (RMm)	101.7	96.3	104.0	138.1	172.8
Operating EBITDA (RMm)	12.47	11.00	12.75	23.24	31.73
Net Profit (RMm)	8.13	6.56	8.11	16.40	23.13
Core EPS (RM)	0.05	0.04	0.05	0.10	0.14
Core EPS Growth	(21%)	(19%)	24%	102%	41%
FD Core P/E (x)	15.65	19.31	15.55	7.69	5.46
DPS (RM)	0.025	0.025	0.023	0.046	0.064
Dividend Yield	3.21%	3.21%	2.89%	5.85%	8.25%
EV/EBITDA (x)	8.73	9.97	8.35	4.10	2.55
P/FCFE (x)	14.99	17.71	25.92	8.68	5.94
Net Gearing	(32.6%)	(29.0%)	(30.7%)	(40.2%)	(48.8%)
P/BV (x)	2.25	2.15	1.97	1.64	1.36
ROE	14.9%	11.4%	13.2%	23.3%	27.3%
CGS-CIMB/Consensus EPS (x)			1.00	1.01	1.02

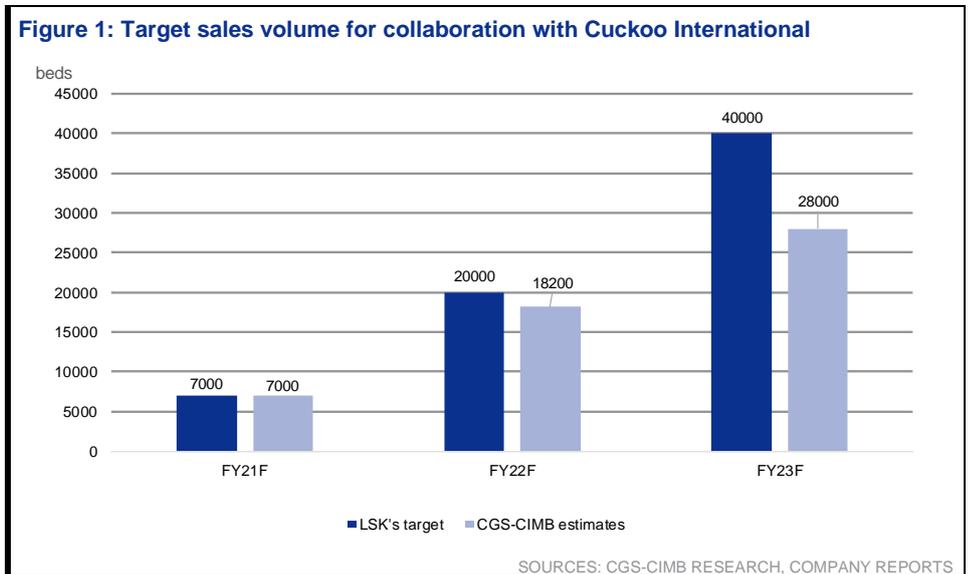
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Recap of details of collaboration with Cuckoo Malaysia ▶

Under this collaboration agreement (revenue-sharing ratio of 40:60 for LSK and Cuckoo International), LSK will develop exclusive bedding products and deliver them to Cuckoo International’s customers. Note that the collaboration agreement is for a period of three years beginning 9 Dec 20 and renewable on mutual agreement by both parties.

Cuckoo International (MAL) Sdn Bhd (Cuckoo International) will be in charge of marketing activities and payment collection for these products in Malaysia, leveraging on its estimated 1m accumulated customers and 45,000 sales members nationwide. Under the rental model, customers pay monthly recurring fees for a fixed number of installments. We understand that Cuckoo’s customers can also choose to outright purchase the product.

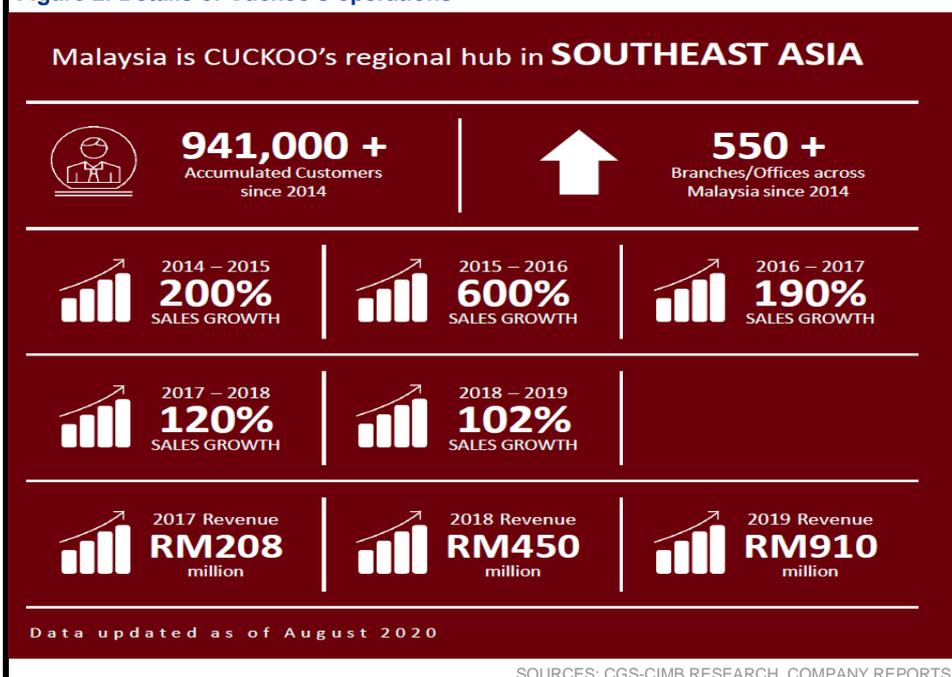
Figure 1: Target sales volume for collaboration with Cuckoo International



Details of Cuckoo Malaysia ▶

Cuckoo is involved in retailing home appliances and healthy home care services in Malaysia, with >550 offices/branches across the country. Besides Malaysia, Cuckoo International also has a presence in Brunei, Singapore and Indonesia. As at Nov 2020, Cuckoo International served over 4m householder users in Malaysia. We estimate that Cuckoo International reported a revenue of close to RM1bn in 2020.

Figure 2: Details of Cuckoo's operations



Re-rating catalyst and downside risks ►

Re-rating catalyst: a sharp increase in sales volume of semi-foam latex and/or higher-than-expected sales from its collaboration with Cuckoo. Downside risks: a surge in latex prices, a sharp decline in consumer spending ability, and/or stronger ringgit vs. US\$ affecting its export sales.

Figure 3: Sector comparison (CGS-CIMB's Malaysia consumer sector coverage)

Company	Bloomberg Ticker	Recom.	Share price (local curr)	Target Price (local curr)	Market Cap (US\$ m)	Core P/E (x)		3-year EPS CAGR (%)	P/BV (x)		Recurring ROE (%)		EV/EBITDA (x)		Dividend Yield (%)	
						CY21F	CY22F		CY21F	CY22F	CY21F	CY22F	CY21F	CY22F	CY21F	CY22F
Consumer Staples																
Nestle (Malaysia)	NESZ MK	Hold	133.90	136.60	7,493	49.7	40.9	11.7%	53.9	52.6	109.8%	130.3%	28.0	26.0	2.0%	2.4%
Fraser & Neave Holdings	FNH MK	Add	24.40	29.80	2,136	19.2	18.1	5.1%	2.8	2.6	15.2%	15.0%	11.4	10.5	2.8%	3.0%
QL Resources	QLG MK	Add	5.01	5.50	2,910	42.4	33.0	15.9%	4.6	4.2	11.4%	13.4%	19.1	16.0	0.8%	1.0%
Power Root Bhd	PWRT MK	Hold	1.35	1.30	135	20.8	16.6	0.0%	2.1	2.1	10.3%	12.9%	11.9	9.9	4.6%	5.7%
Kawan Food	KFB MK	Add	1.63	2.70	140	15.5	12.7	18.2%	1.5	1.4	10.0%	11.5%	8.3	7.1	2.5%	2.9%
MSM Malaysia Holdings	MSM MK	Add	1.30	1.57	218	9.8	6.3	37.1%	0.6	0.5	5.7%	8.6%	6.8	4.9	5.1%	8.0%
CCK Consolidated Holdings	CCK MK	Add	0.59	0.84	87	10.7	9.1	15.8%	1.1	1.0	10.6%	11.5%	5.0	4.2	3.3%	3.8%
Weighted Subsector Average						41.5	34.1	12.0%	32.4	31.4	68.1%	80.3%	22.5	20.4	1.9%	2.3%
Consumer Discretionary																
7-Eleven Malaysia Holdings	SEM MK	Add	1.48	1.80	398	27.1	23.9	22.5%	15.7	12.4	65.4%	58.0%	6.0	5.1	2.2%	2.5%
Berjaya Food Berhad	BFD MK	Add	2.15	3.25	186	13.1	12.4	5.8%	2.0	1.9	15.9%	16.0%	3.2	2.6	5.4%	5.7%
Bonia Corporation	BON MK	Add	1.09	1.00	52	11.7	9.9	23.7%	0.6	0.5	5.0%	5.5%	3.7	4.4	0.9%	0.9%
DKSH Holdings (Malaysia)	DKSH MK	Add	5.08	6.20	191	9.5	8.2	22.7%	1.0	0.9	11.0%	11.6%	5.3	4.7	2.0%	2.0%
Lee Swee Kiat Group	LSKG MK	Add	0.78	1.84	30	7.7	5.5	40.8%	1.6	1.4	23.3%	27.3%	4.3	2.7	5.8%	8.2%
Mynews Holdings Berhad	MNHB MK	Add	0.86	1.18	139	38.9	21.8	25.9%	2.4	2.2	6.4%	10.6%	8.2	6.6	0.6%	1.1%
Panasonic Manufacturing Malaysia Berhad	PMM MK	Hold	29.12	31.50	422	17.0	13.9	2.7%	2.3	2.3	13.5%	16.6%	9.2	7.5	6.9%	6.9%
InNature Bhd	NATURE MK	Add	0.71	0.84	119	18.4	16.7	12.5%	3.1	2.9	17.8%	17.9%	8.9	7.6	2.7%	3.0%
Mr D.I.Y. Group (M) Bhd	MRDIY MK	Add	3.75	4.40	5,620	39.0	33.4	27.2%	15.7	12.3	45.8%	41.2%	21.5	18.3	1.0%	1.2%
Weighted Subsector Average						34.9	29.7	24.6%	13.5	10.6	41.6%	37.9%	18.3	15.6	1.6%	1.8%
Sin (Brewers & Tobacco)																
British American Tobacco	ROTH MK	Hold	13.98	14.38	953	14.8	15.8	2.6%	10.3	10.1	69.8%	64.6%	10.6	11.3	6.6%	6.2%
Carlsberg Brewery (M)	CAB MK	Add	20.58	26.00	1,502	22.9	19.0	21.4%	33.4	33.4	145.6%	176.0%	15.5	13.7	4.4%	5.3%
Heineken Malaysia Bhd	HEIM MK	Add	21.28	26.70	1,534	23.1	19.4	22.3%	18.4	18.4	79.5%	94.5%	13.5	12.6	4.3%	5.1%
Weighted Subsector Average						21.0	18.4	17.3%	22.1	22.0	102.1%	118.0%	13.6	12.7	4.9%	5.4%
Weighted Average						36.2	30.2	16.6%	25.1	23.8	65.9%	74.0%	19.8	17.7	2.3%	2.7%
Simple Average						23.2	19.1	17.7%	10.4	9.8	37.2%	41.0%	11.5	10.1	3.2%	3.8%

SOURCES: CGS-CIMB, BLOOMBERG



ESG in a nutshell

Sustainability is one of the ten strategic management principles for LSK. The company mainly specialises in natural latex bedding products, which is an environment-friendly product and biodegradable. The company also continues to make efforts to utilise green technology to minimise energy consumption, as well as reduce carbon emissions. In 2016, LSK was ranked among the top-100 listed companies in Malaysia based on overall Corporate Governance and Performance by the Minority Shareholders' Watchdog Group (MSWG) and Bursa Malaysia.

Keep your eye on

While LSK does highlight its efforts to ensure sustainability in its business operations, it does not provide operational data with regards to efficiency and improvements in its electrical usage, waste management and waste water treatment.

Implications

While we view this negatively, our channel checks with the company reveal ongoing efforts to improve monitoring systems for its waste management and utility usage (water, natural gas, etc.). However, given the lack of data, we are unable to gauge the improvements done in this aspect.

ESG highlights

The bulk of LSK's bedding products is made from natural latex, which is an environment-friendly product (tapped from rubber trees) and is more biodegradable.

Implications

We are positive on this matter as most materials used in the manufacture of bedding products (such as pocket spring, polyfoam and cotton) are not biodegradable. Hence, LSK's products are good alternatives to reduce environment pollution.

Trends

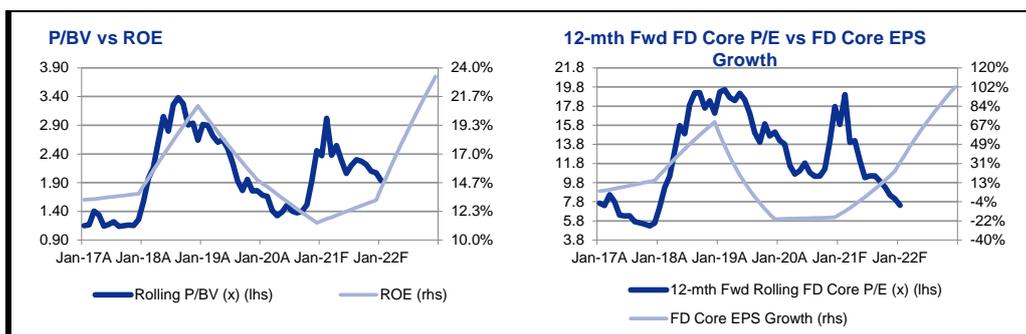
In 2020, LSK launched its organic latex to discourage the use of artificial fertilisers and pesticides. In the period, 40% of its latex usage was derived from organic latex (under Global Organic Latex Standard) vs. 0% in FY19.

Implications

We are positive on this development. While procuring organic latex to manufacture its products is at a premium to non-organic latex, we view this as a strong effort by LSK to ensure its products are not harmful to both the user as well as the environment.

SOURCES: CGS-CIMB RESEARCH, REFINITIV

BY THE NUMBERS



Profit & Loss

(RMm)	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
Total Net Revenues	101.7	96.3	104.0	138.1	172.8
Gross Profit	12.5	11.0	37.0	51.9	67.9
Operating EBITDA	12.5	11.0	12.8	23.2	31.7
Depreciation And Amortisation	(2.4)	(2.5)	(2.5)	(2.6)	(2.7)
Operating EBIT	10.0	8.5	10.2	20.7	29.0
Financial Income/(Expense)	(0.3)	(0.2)	(0.2)	(0.2)	(0.1)
Pretax Income/(Loss) from Assoc.	0.0	0.0	0.0	0.0	0.0
Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0	0.0
Profit Before Tax (pre-EI)	9.7	8.3	10.0	20.5	28.9
Exceptional Items	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	9.7	8.3	10.0	20.5	28.9
Taxation	(1.6)	(1.8)	(1.9)	(4.1)	(5.8)
Exceptional Income - post-tax					
Profit After Tax	8.1	6.5	8.1	16.4	23.1
Minority Interests	0.0	0.1	0.0	0.0	0.0
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	8.1	6.6	8.1	16.4	23.1
Recurring Net Profit	8.1	6.6	8.1	16.4	23.1
Fully Diluted Recurring Net Profit	8.1	6.6	8.1	16.4	23.1

Cash Flow

(RMm)	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
EBITDA	12.47	11.00	12.75	23.24	31.73
Cash Flow from Invt. & Assoc.					
Change In Working Capital	2.16	3.27	(1.86)	(0.58)	(0.73)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	(0.61)	3.42	(0.42)	(0.32)	(0.27)
Net Interest (Paid)/Received	(0.54)	(0.44)	(0.41)	(0.36)	(0.34)
Tax Paid	(1.61)	(1.52)	(1.90)	(4.10)	(5.78)
Cashflow From Operations	11.88	15.74	8.16	17.88	24.62
Capex	(1.19)	(3.68)	(3.50)	(3.50)	(3.50)
Disposals Of FAs/subsidiaries	0.00	0.00	0.00	0.00	0.00
Acq. Of Subsidiaries/investments	0.00	(0.46)	0.00	0.00	0.00
Other Investing Cashflow	(0.23)	0.00	(0.20)	(0.20)	(0.20)
Cash Flow From Investing	(1.42)	(4.14)	(3.70)	(3.70)	(3.70)
Debt Raised/(repaid)	(1.97)	(4.45)	0.41	0.36	0.34
Proceeds From Issue Of Shares					
Shares Repurchased	0.00	0.00	0.00	0.00	0.00
Dividends Paid	(4.10)	(4.05)	(2.62)	(3.65)	(7.38)
Preferred Dividends					
Other Financing Cashflow	0.00	(0.75)	0.00	0.00	0.00
Cash Flow From Financing	(6.06)	(9.25)	(2.21)	(3.29)	(7.04)
Total Cash Generated	4.39	2.35	2.24	10.89	13.87
Free Cashflow To Equity	8.49	7.16	4.87	14.54	21.25
Free Cashflow To Firm	10.99	12.04	4.87	14.54	21.25

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

(RMm)	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
Total Cash And Equivalents	22.72	24.51	27.16	38.42	52.63
Total Debtors	12.12	10.88	12.40	16.47	20.61
Inventories	17.82	9.79	13.38	17.21	20.97
Total Other Current Assets	0.19	0.07	0.07	0.07	0.07
Total Current Assets	52.85	45.25	53.02	72.17	94.28
Fixed Assets	39.18	40.40	41.38	42.29	43.11
Total Investments	0.00	0.00	0.00	0.00	0.00
Intangible Assets	5.86	5.86	5.86	5.86	5.86
Total Other Non-Current Assets	0.07	2.26	2.26	2.26	2.26
Total Non-current Assets	45.11	48.52	49.49	50.41	51.22
Short-term Debt	2.18	2.82	2.82	2.82	2.82
Current Portion of Long-Term Debt					
Total Creditors	34.04	22.32	25.57	32.89	40.06
Other Current Liabilities	0.39	2.34	2.34	2.34	2.34
Total Current Liabilities	36.61	27.48	30.73	38.05	45.22
Total Long-term Debt	2.12	4.70	4.70	4.70	4.70
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	2.66	3.04	3.04	3.04	3.04
Total Non-current Liabilities	4.78	7.74	7.74	7.74	7.74
Total Provisions	0.00	0.00	0.00	0.00	0.00
Total Liabilities	41.39	35.22	38.47	45.79	52.96
Shareholders' Equity	56.58	58.55	64.04	76.79	92.53
Minority Interests					
Total Equity	56.58	58.55	64.04	76.79	92.53

Key Ratios

	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
Revenue Growth	1.6%	(5.3%)	8.0%	32.8%	25.2%
Operating EBITDA Growth	(13.5%)	(11.8%)	15.9%	82.3%	36.5%
Operating EBITDA Margin	12.3%	11.4%	12.3%	16.8%	18.4%
Net Cash Per Share (RM)	0.11	0.11	0.12	0.19	0.28
BVPS (RM)	0.35	0.36	0.40	0.47	0.57
Gross Interest Cover	18.75	19.60	24.88	57.23	86.44
Effective Tax Rate	16.6%	21.8%	19.0%	20.0%	20.0%
Net Dividend Payout Ratio	40.0%	40.0%	45.0%	45.0%	45.0%
Accounts Receivables Days	32.36	32.13	30.07	30.25	31.04
Inventory Days	57.13	59.23	63.14	64.81	66.40
Accounts Payables Days	78.57	83.20	90.34	82.12	84.13
ROIC (%)	22.9%	20.9%	22.9%	43.6%	59.4%
ROCE (%)	17.1%	13.8%	15.2%	26.8%	31.7%
Return On Average Assets	9.2%	7.0%	8.5%	14.7%	17.4%

Key Drivers

	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
Semifoam latex utilisation rate (%)	60.0%	65.0%	65.0%	67.5%	N/A
Semifoam ASPs growth (%)	2.0%	3.5%	4.0%	3.0%	N/A
Mattress utilisation rate (%)	64.0%	60.0%	60.0%	70.0%	N/A
Mattress ASPs growth (%)	2.0%	0.5%	3.5%	2.5%	N/A
Cuckoo mattress sales	-	-	7,000.0	18,200.0	N/A

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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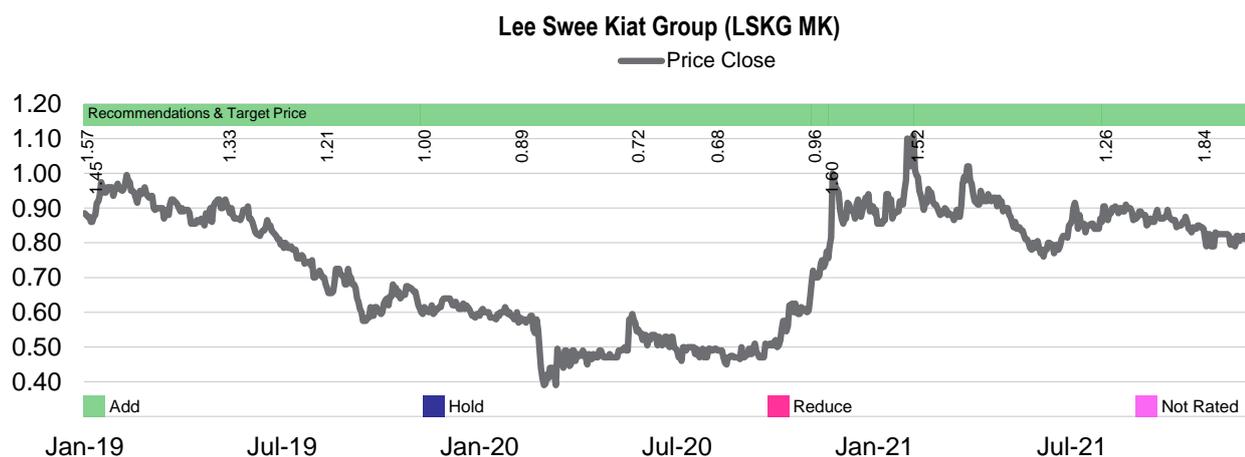
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Spitzer Chart for stock being researched (2 year data)



Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 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, **CCET** – 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.
<i>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.</i>	
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.

