

Malaysia

ADD (previously HOLD)

Consensus ratings*: Buy 0 Hold 1 Sell 0

Current price:	RM0.675
Target price:	RM0.84
Previoustarget:	RM0.76
Up/downside:	24.4%
CGS-CIMB / Consensus:	10.5%
Reuters:	INNA.KL
Bloomberg:	INNATURE MK
Market cap:	US\$113.2m
	RM476.5m
Average daily turnover:	US\$0.23m
	RM0.97m
Current shares o/s:	705.9m
Free float:	25.0%

*Source: Bloomberg

Key changes in this note

➤ FY21-23F EPS is unchanged.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	6.3	-5.6	39.2
Relative (%)	3.3	-4.4	42.9

Major shareholders	% held
Etheco Sdn Bhd	51.0
Bluplanet Sdn Bhd	17.9

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InNature Bhd

Expect strong sales recovery from 4QFY21F

- We turn positive on InNature given its plans to raise prices, which will protect margins, and better-than-expected sales contribution from its omnichannels.
- We expect InNature to record stronger results from 4QFY21F onwards, driven by the strong recovery in mall traffic in light of upcoming festivities.
- Upgrade to Add on the grounds of appealing valuations and TP raised to RM0.84 (20x CY23F P/E) as we ascribe an additional 10% ESG premium.

Remains a leading CPC retailer that outperformed the industry

In our view, InNature is one of the few major cosmetics and personal care (CPC) retailers that remained profitable in 2020-2021 (during the Covid-19 pandemic). This can be attributed to its early investments in beefing up its omnichannel distribution system, which helped to shore up sales despite the various lockdowns and store closures, and prudent cost management (i.e. negotiated better rental rebates and shuttered 7 non-performing stores). Accordingly, InNature experienced a smaller decline in revenue than the personal care retail sub-sector (Figure 6).

A potential price hike in FY22F is a positive

InNature said that it plans to increase selling prices in CY22F in view of rising commodity prices and elevated freight costs in a bid to protect margins. This bodes well for sales. Given the strong brand equity of The Body Shop (TBS) and its sizeable loyal customer base (c.273k 'Love Your Body' members as of 30 Sep 2021) who are mostly in the middle to high income segment, we believe InNature can pass on the higher input costs with ease as we estimate that more than 60-70% of sales are made by repeat customers.

Hybrid strategy to drive future growth via physical and remote sales

While consolidating its store network, we understand that InNature will adopt a more careful approach in store expansion. Note that the group closed 2 stores in Malaysia and opened 1 new store in Vietnam during 4QFY21F (Figure 5). InNature also aims to expand its remote selling channels, which have been instrumental to ensuring profitability (Figures 4, 5). We are positive on this as it could cater to shifting consumer behaviours by offering multiple non-physical purchase options. Meanwhile, we expect the group to post stronger results from 4QFY21F onwards due to: i) strong recovery in mall footfall post reopening on 11 Oct 2021, ii) majority of its store base resuming full operation across its three operating countries, and iii) ability to capitalise on major festive sales.

Upgrade to Add, with a higher TP of RM0.84; a recovery play

With the recent retracement of its share price over the past 3 months from its high of RM0.86 (-24%), we believe that its valuation is attractive (now 16x CY23F P/E, c.11% discount to the weighted average CY23F P/E of small-cap consumer discretionary names of 18x and 29% discount to InNature's historical average of 22.6x since listing). Our TP is raised to RM0.84 (20x CY23F P/E) as we ascribe a 10% ESG premium (Figure 7) for InNature as it is a leading ESG play in Malaysia.

Financial Summary	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
Revenue (RMm)	191.7	155.4	135.3	173.3	196.9
Operating EBITDA (RMm)	66.86	51.33	33.09	51.19	59.73
Net Profit (RMm)	30.15	20.18	14.30	27.02	29.82
Core EPS (RM)	0.047	0.030	0.020	0.038	0.042
Core EPS Growth	(13.2%)	(36.4%)	(31.5%)	88.9%	10.4%
FD Core P/E (x)	14.51	22.82	33.32	17.64	15.98
DPS (RM)	0.028	0.020	0.010	0.019	0.021
Dividend Yield	4.20%	2.96%	1.50%	2.84%	3.13%
EV/EBITDA (x)	7.11	8.82	13.37	8.51	7.18
P/FCFE (x)	14.08	NA	14.89	18.20	13.63
Net Gearing	(1.0%)	(17.0%)	(23.3%)	(25.5%)	(27.4%)
P/BV (x)	5.46	3.44	3.27	2.99	2.73
ROE	40.3%	18.5%	10.1%	17.7%	17.9%
% Change In Core EPS Estimates			0%	0%	0%
CGS-CIMB/Consensus EPS (x)			1.01	1.01	1.01

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Expect strong sales recovery from 4QFY21F

Why do we ascribe a 10% ESG premium now?

According to the McKinsey Global Survey published on 12 Feb 2020, 83% of C-suite leaders and investment professionals globally believe that ESG programmes could create more shareholder value in five years (Figures 13 and 14). Accordingly, they were also willing to pay a 10% median premium to acquire a company with a positive record for ESG issues over one with a negative record, regardless of whether the ESG programmes had any impact on shareholder value. In fact, a quarter of respondents were even willing to pay a premium of 20% to 50%. In Malaysia, ESG-related initiatives are becoming increasingly important; we recently witnessed how poor handling of ESG issues could obliterate shareholder value. According to FTSE Russell's assessment, InNature is in the top 51-75% by ESG Ratings amongst publicly-listed companies in FTSE Bursa Malaysia EMAS Index.

In view of InNature's solid track record to integrate various ESG aspects into its business operations with clear metrics aside from its eco-friendly, natural and cruelty-free products, we believe that a 10% ESG premium over the weighted average CY23F P/E of small-cap consumer discretionary names of 18x (Figure 7) is warranted as it is a strong ESG play that is overlooked amongst the listed corporates in Malaysia. We also like InNature as a strong proxy for a recovery in retail sales and mall footfall from 4QFY21F onwards due to a healthy recovery in consumer footfall to its outlets, thus enabling it to capture major festivity spending and possibly revenge spending, besides its solid balance sheet with c.RM50m net cash balance as of 30 Sep 2021.

- **Environmental aspect:** The group rolled out refill stations for its refillable haircare and shower gels range at selected stores in Oct 2021 (Figure 10), which may eventually be expanded nationwide and to other operating countries. This could further reduce plastic wastage and at the same time increase its product appeal to the burgeoning eco-conscious consumer segment. In 2021, the group's annual beach clean-up managed to collect 530kg of waste across 7 beaches in Malaysia (Figure 8). Its 'Bring Back Our Bottles' campaign garnered 24,658 bottles as at 31 Oct 2021, which the group turned into in-store Christmas decorations (Figure 9). This further illustrates the group's efforts to assimilate ESG values and sustainable principles across every aspect of its operations along with cost savings.
- **Social aspect:** Since its inception, InNature has embarked on numerous ESG-related initiatives in the Malaysian corporate landscape (Figure 12). In terms of social aspect, the most notable social initiative in 2021 was its 'My Vote My Right 18' campaign in support of UNDI18, which called upon the government to lower the minimum voting age from 21 to 18. The group collaborated with influencers and young activists to raise awareness, collecting 10,921 signatures for its petition; UNDI18 was successfully passed into law and came into force on 30 Dec 2021. This further strengthened InNature's social influence and likely resonated well with the younger consumer, potentially creating sustainable long-term value for the group, in our view.
- **Governance aspect:** As at 30 Sep 2021, 80% of InNature's board and key senior management were women, as were 82% of its staff, a rare feat amongst the publicly-listed companies under our coverage.

Minimal financial impact from the recent flood event

We gathered from the management that the recent flood incident only affected a handful of outlets (<5% of total outlets), where staff was unable to travel to and operate the outlet, while its stores and warehouses remained intact given they are mostly situated in prime locations. Hence, we expect the earnings impact to be minimal.

Remote selling channels are here to stay

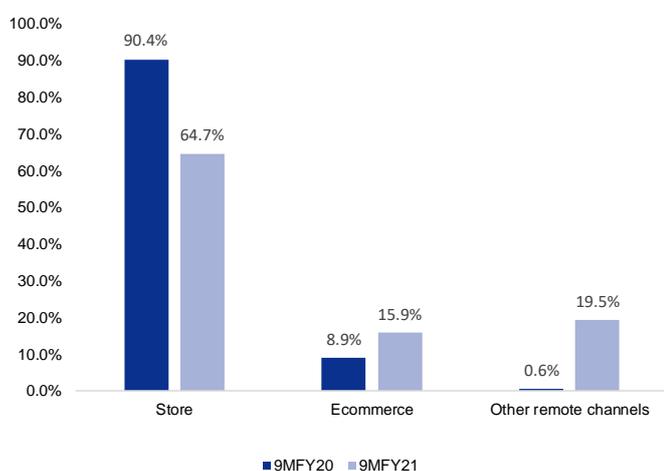
Given the lifting of lockdown measures since 11 Oct 2021 with interstate travel allowed, we have observed strong traffic recovery to malls where most of InNature's stores are located (more than 70-80%), which should bode well for earnings prospects with the rebound in consumer footfall to its outlets from 4QFY21 onwards. Nonetheless, we gather from the management that sales contribution from remote selling channels (e-commerce, click-and-collect, click-and-delivery, personal shopper services with free delivery) remained in the double-digits in 4QFY21F. This further illustrates the shift in consumer preferences to online purchases as well as the group's omnichannel strategy possibly bearing fruit in reaching a wider pool of customers. To put this into perspective, the group's remote selling contribution surged to 64% in 3QFY21, representing a 5.5x increase yoy during the full movement control order, when most of its stores were closed. This brought total remote selling contribution to sales in 9MFY21 to 35.4% (vs. 9MFY20 of 9.5%; Figure 1), of which a third was from e-commerce marketplaces, such as Shopee and Lazada. We understand that remote channel contribution to sales was minimal before the pandemic hit. Moving forward, the group targets to have a more balanced revenue stream between physical and remote selling channels.

Key re-rating catalysts and downside risks:

Key re-rating catalyst: Better-than-expected recovery in sales via physical and remote selling and higher-than-expected margins.

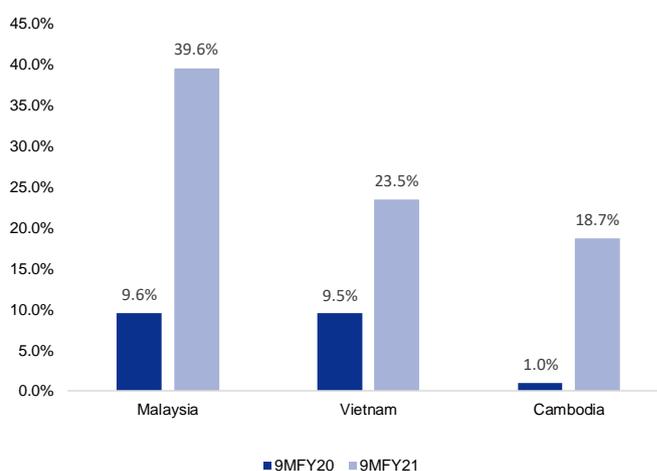
Downside risks: re-imposition of lockdown measures due to new Covid-19 variants, leading to weaker-than-expected footfall recovery and higher operating costs.

Figure 1: Revenue by channel as a percentage of total group revenue (9M21: RM88.2; 9M20: RM110.5m)



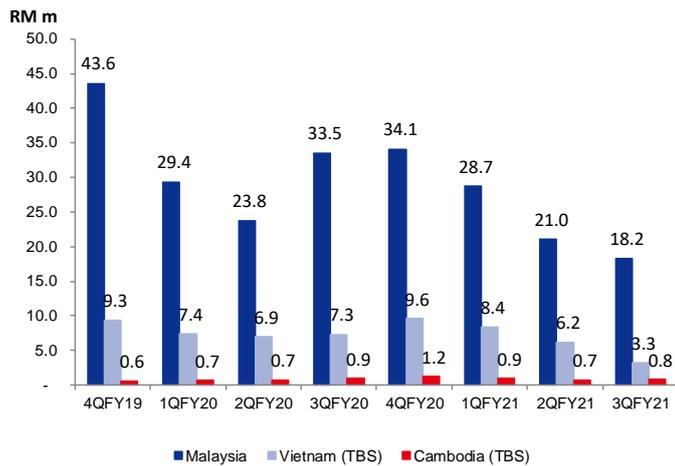
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 2: Remote selling by country as a percentage of their respective country revenue



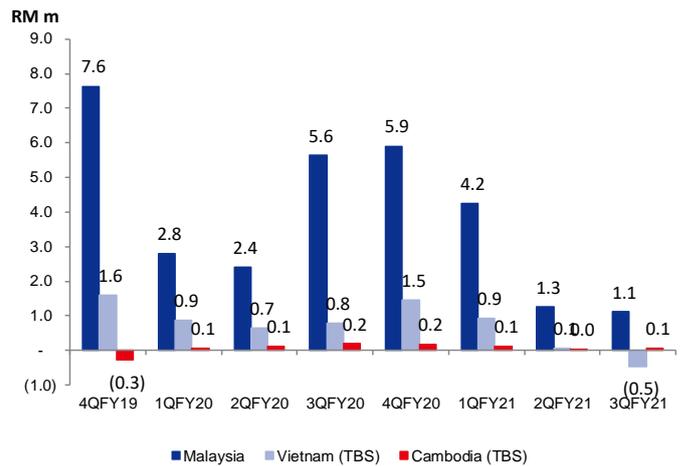
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 3: Revenue breakdown by country



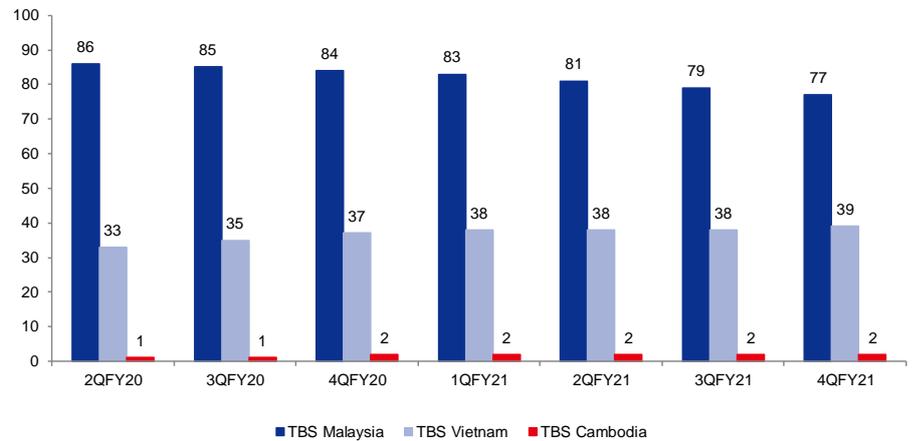
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 4: Segment PAT breakdown by country



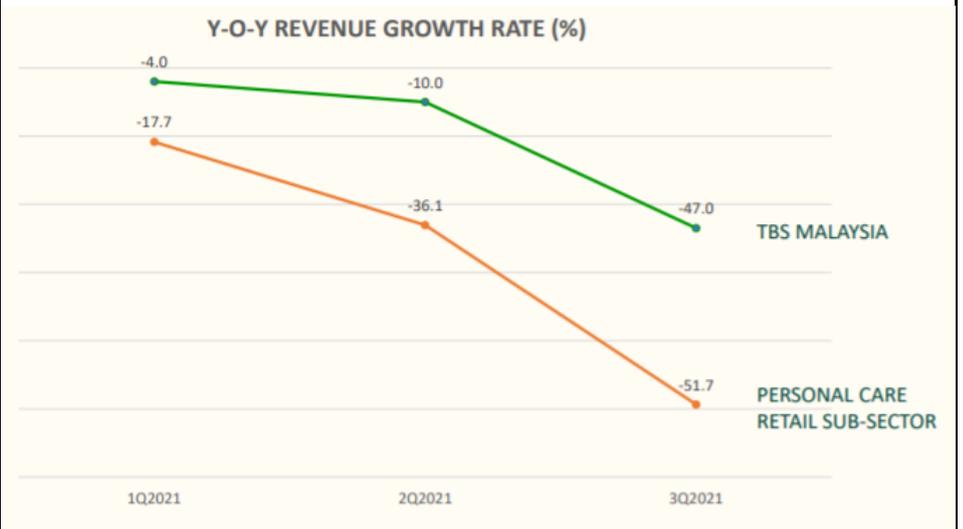
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 5: Store count trends as of 4QFY21



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 6: The Body Shop Malaysia (InNature) vs. the personal care retail sub-sector revenue growth rate (Malaysian peers: Estee Lauder, L'Occitane, Clarins, LG Household & Health Care, Shiseido, L'Oreal, Amorepacific)



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 7: Valuation

Previous

CY23F EPS (sen)	4.2
Weighted average CY23F P/E of small-cap consumer discretionary names	18
Previous Target Price	0.76

Current

CY23F EPS (sen)	4.2
Weighted average CY23F P/E of small-cap consumer discretionary names	18
10% ESG premium to CY23 P/E of 18x	2
New CY23F P/E	20
New Target Price	0.84

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 8: 2021 Annual beach clean-up



7 beaches cleaned across Selangor, Perak, Penang, Sabah & Labuan.

530kg waste collected.

No paper used, recording of waste done via mobile application.



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 9: 'Bring Back our Bottles' campaign

24,658 bottles collected as at 31 Oct 2021.

Returned bottles will also be made into in-store Christmas decorations.



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 10: Refill station launched in Oct 2021



Launched in Malaysia & Vietnam in Oct 2021 at selected stores, offering more sustainable choices for eco-conscious consumers.

Refillable haircare and shower gels range:



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 11: Social justice campaign: My Vote My Right 18 (UNDI18)

Called upon the government to implement the lowering of minimum voting age **from 21 to 18** by 2021.

Collaborated with influencers and young activists in raising awareness on social media, garnering reach of **328,441** and impressions of **315,453**.

10,921 signatures collected for petition.

Voice heard

Undi18 and automatic voter registration system to be implemented by 31 Dec 2021.



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 12: ESG-related campaigns over 1980s-2021



Figure 13: Share of respondents who say ESG programmes create value, the percentage seeing short- and long-term value has grown

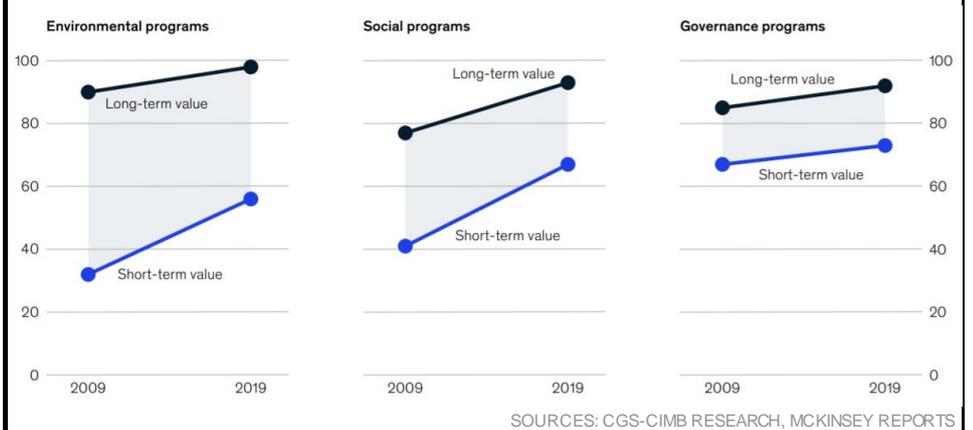
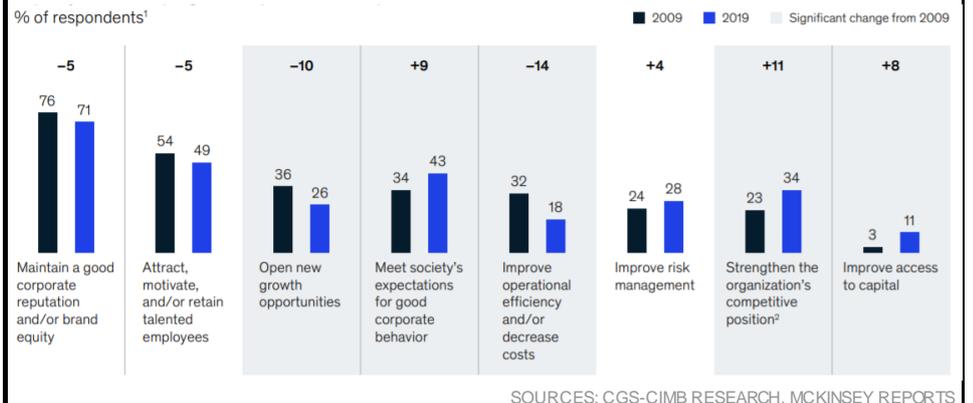


Figure 14: Top ways that ESG programmes improve financial performance





ESG in a nutshell

InNature Berhad strives to embody its principle of “doing business as a force for good” and has established initiatives to incorporate sustainability and support noble causes in as many aspects of its business processes as possible. We gather that InNature is in the process of obtaining its own ESG certification via an external assessment agency. It is also in the process of getting its B Corp certification, which is a third-party standard requiring companies to meet social sustainability, environmental performance, and accountability standards. As a cosmetics and personal care predominantly-physical retailer, among the key material matters include product safety and quality as well as customer service and experience.

Keep your eye on

As the exclusive franchisee of The Body Shop International (TBSI) (c. 99% of FY20 revenue), InNature procures products directly from TBSI and does not engage directly in product development. Thus, product safety and quality rely heavily on TBS product development and standards.

Implications

The production methods of TBSI are in line with the Cosmetics Good Manufacturing Practice (ISO 22716) and The Body Shop Contract Manufacturing Quality Charter, which sets out strict procedures from sourcing of raw materials to the control testing of raw materials, components and finished products. TBS products are also 100% vegetarian and certified “cruelty-free” by Cruelty Free International. TBSI also engages in a Community Fair Trade programme where it is able to source traceable quality ingredients and help benefit people in marginalised communities around the world.

ESG highlights

InNature is ranked in the top 51-75% in ESG ratings among public-listed companies on FBM EMAS that have been assessed by FTSE Russell.

Implications

While the ratings might change over time as InNature improves its disclosures and/or addresses shortfalls, we believe there is no evidence that better ESG ratings result in better share price performance in the case of InNature. Getting its own ESG and B Corp certification could boost its transparency and ESG credibility.

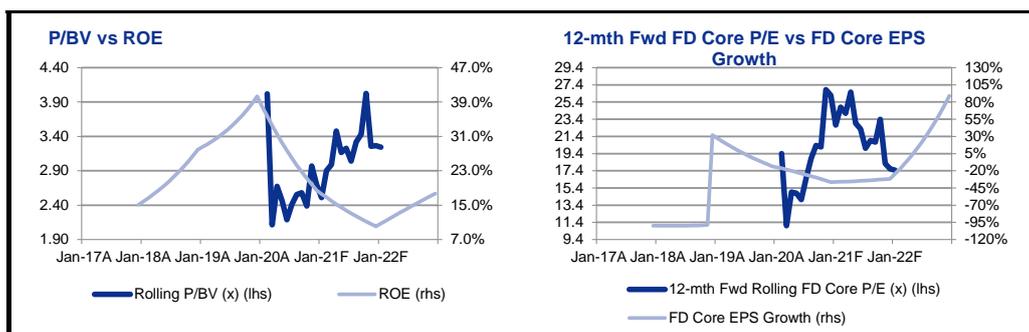
Trends

C.82% of its employees are women, and 80% of its board are women.

Implications

We see this as a positive development as we believe that InNature has one of the highest female board representations among public-listed companies on Bursa Malaysia. As such, this could potentially re-rate the valuation of the company if the investment community views this positively.

SOURCES: CGS-CIMB RESEARCH, REFINITIV

BY THE NUMBERS

Profit & Loss

(RMm)	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
Total Net Revenues	191.7	155.4	135.3	173.3	196.9
Gross Profit	129.3	104.4	86.6	114.4	131.9
Operating EBITDA	66.9	51.3	33.1	51.2	59.7
Depreciation And Amortisation	(21.0)	(21.4)	(14.4)	(14.9)	(19.5)
Operating EBIT	45.8	29.9	18.7	36.3	40.2
Financial Income/(Expense)	(1.8)	(1.3)	0.3	(0.3)	(0.4)
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)	44.0	28.6	19.1	36.0	39.8
Exceptional Items	(3.6)	(1.0)	0.0	0.0	0.0
Pre-tax Profit	40.4	27.7	19.1	36.0	39.8
Taxation	(10.2)	(7.5)	(4.8)	(9.0)	(9.9)
Exceptional Income - post-tax					
Profit After Tax	30.2	20.2	14.3	27.0	29.8
Minority Interests	0.0	0.0	0.0	0.0	0.0
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	30.2	20.2	14.3	27.0	29.8
Recurring Net Profit	32.8	20.9	14.3	27.0	29.8
Fully Diluted Recurring Net Profit	32.8	20.9	14.3	27.0	29.8

Cash Flow

(RMm)	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
EBITDA	66.86	51.33	33.09	51.19	59.73
Cash Flow from Inv. & Assoc.					
Change In Working Capital	-7.62	-4.55	11.25	-3.28	-1.97
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	3.38	1.15	0.00	0.00	0.00
Other Operating Cashflow					
Net Interest (Paid)/Received	-1.82	-1.30	0.34	-0.30	-0.45
Tax Paid	-11.86	-8.90	-4.77	-9.01	-9.94
Cashflow From Operations	48.95	37.74	39.92	38.60	47.38
Capex	-11.14	-4.42	-7.92	-12.42	-12.42
Disposals Of FAs/subsidiaries	0.26	0.00	0.00	0.00	0.00
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	0.18	-31.39	0.00	0.00	0.00
Cash Flow From Investing	-10.70	-35.82	-7.92	-12.42	-12.42
Debt Raised/(repaid)	-4.39	-16.24	0.00	0.00	0.00
Proceeds From Issue Of Shares	1.89	47.41	0.00	0.00	0.00
Shares Repurchased					
Dividends Paid	-20.00	-7.06	-7.15	-13.51	-14.91
Preferred Dividends					
Other Financing Cashflow	-19.02	-18.47	-14.56	-5.94	-12.91
Cash Flow From Financing	-41.52	5.64	-21.71	-19.45	-27.82
Total Cash Generated	-3.28	7.57	10.29	6.73	7.14
Free Cashflow To Equity	33.85	-14.31	32.00	26.18	34.96
Free Cashflow To Firm	40.47	4.15	32.73	27.75	36.82

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	17.45	23.97	34.26	40.99	48.13
Total Debtors	5.77	5.64	3.71	4.75	5.39
Inventories	33.78	34.42	24.02	29.07	32.04
Total Other Current Assets	0.05	29.54	29.54	29.54	29.54
Total Current Assets	57.05	93.56	91.52	104.34	115.10
Fixed Assets	14.00	12.90	8.85	16.05	22.12
Total Investments	0.00	0.00	0.00	0.00	0.00
Intangible Assets	52.88	52.65	52.43	52.20	51.98
Total Other Non-Current Assets	31.48	29.13	20.79	27.88	31.42
Total Non-current Assets	98.35	94.68	82.07	96.13	105.52
Short-term Debt	16.30	0.15	0.15	0.15	0.15
Current Portion of Long-Term Debt					
Total Creditors	19.11	14.43	13.34	16.15	17.80
Other Current Liabilities	19.06	22.57	8.02	13.83	15.80
Total Current Liabilities	54.47	37.15	21.51	30.13	33.75
Total Long-term Debt	0.28	0.19	0.19	0.19	0.19
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	13.31	12.22	6.07	10.82	12.44
Total Non-current Liabilities	13.59	12.41	6.25	11.01	12.62
Total Provisions	0.00	0.00	0.00	0.00	0.00
Total Liabilities	68.06	49.56	27.77	41.13	46.37
Shareholders' Equity	87.34	138.68	145.83	159.34	174.25
Minority Interests					
Total Equity	87.34	138.68	145.83	159.34	174.25

Key Ratios

	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
Revenue Growth	3.9%	(18.9%)	(13.0%)	28.1%	13.6%
Operating EBITDA Growth	(4.4%)	(23.2%)	(35.5%)	54.7%	16.7%
Operating EBITDA Margin	34.9%	33.0%	24.5%	29.5%	30.3%
Net Cash Per Share (RM)	0.001	0.033	0.048	0.058	0.068
BVPS (RM)	0.12	0.20	0.21	0.23	0.25
Gross Interest Cover	20.53	13.49	25.77	23.11	21.63
Effective Tax Rate	25.4%	27.1%	25.0%	25.0%	25.0%
Net Dividend Payout Ratio	59.3%	66.8%	50.0%	50.0%	50.0%
Accounts Receivables Days	8.61	13.44	12.61	8.90	9.40
Inventory Days	177.0	244.4	218.9	164.4	171.7
Accounts Payables Days	101.8	120.2	104.1	91.3	95.4
ROIC (%)	40.4%	22.5%	11.0%	23.1%	23.3%
ROCE (%)	46.2%	25.4%	13.9%	24.6%	24.9%
Return On Average Assets	23.4%	12.9%	7.8%	14.6%	14.3%

Key Drivers

	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
Distribution expenses % of revenue	2.5%	2.5%	2.4%	2.4%	2.4%
Advertising and promotional expenses % of revenue	2.9%	2.0%	3.0%	3.0%	3.0%
Employee expenses % of revenue	21.2%	28.2%	29.7%	25.8%	26.1%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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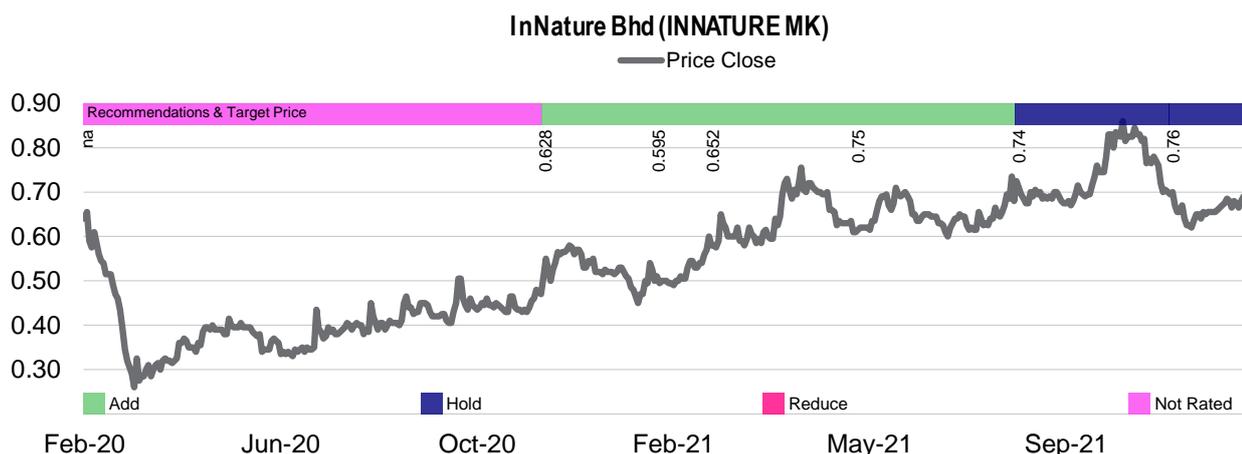
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Spitzer Chart for stock being researched (2 year data)



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

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

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

Recommendation Framework

Stock Ratings

Definition:

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

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

Sector Ratings

Definition:

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

Country Ratings

Definition:

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

