

Singapore

ADD (no change)

Consensus ratings*: Buy 5 Hold 0 Sell 0

Current price:	S\$1.63
Target price:	S\$2.06
Previoustarget:	S\$2.07
Up/downside:	26.4%
CGS-CIMB / Consensus:	-9.3%
Reuters:	FREN.SI
Bloomberg:	FRKN.SP
Market cap:	US\$514.6m
	S\$696.1m
Average daily turnover:	US\$5.16m
	S\$7.00m
Current shares o/s:	427.0m
Free float:	75.7%

*Source: Bloomberg

Key changes in this note

- FY22F EPS reduced by 3.25%.
- FY23F EPS reduced by 2.04%.
- FY24F forecasts introduced.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	0	-25.6	29.4
Relative (%)	-1.4	-27.9	18.6

Major shareholders	% held
Micro compact Sdn Bhd	6.2
Precico Singapore Pte Ltd	6.1
Sinn Hin Co Sdn Bhd	4.8

Analyst(s)



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Frencken Group Ltd

Expecting hoh revenue growth in FY22F

- FY21 net profit was in line with our/Bloomberg consensus full-year expectations, at 97% of full-year forecasts.
- Management guided that Frencken should see a moderate increase in its revenue in 1H22F versus 2H21.
- Reiterate Add. It announced a higher 4.31 Scts DPS for FY21 (FY20: 3.00 Scts).

FY21 performance in line with expectations

FY21 revenue grew 23.6% yoy to S\$767.1m. This was in line with our expectations at 102% of our full-year forecast and above Bloomberg consensus expectations at 106%. Net profit in FY21 grew 38.0% yoy to S\$58.7m and was in line with our/Bloomberg consensus full-year expectations at 97% of full-year forecasts. Excluding an impairment loss of S\$6.2m in FY20, adjusted net profit rose 20.4% in FY21.

Frencken guided for hoh revenue growth in 1H22F

For 1H22F, Frencken expects a moderate increase in its revenue hoh with the revenue guidance for its various segments as follows: a) the semiconductor segment is expected to post higher revenue; b) the medical segment is expected to register stable revenue; c) the analytical & life sciences segment is expected to register stable revenue; d) the industrial automation segment's revenue is anticipated to increase; and e) the automotive segment is expected to record higher revenue.

Growth strategy

Frencken has been ramping up its output capability and increasing production space with new facilities in Europe, Malaysia and Singapore. In its mechatronics division, Frencken aims to expand its wallet share with customers and move up the value chain. The recent acquisition of Avimac Pte Ltd (Unlisted) in Sep 21 expanded the division's production capacity and capability to support customers' new programmes as well as provided access to new technologies and competencies. This acquisition also helps Frencken gain exposure to the commercial aerospace industry. The IMS division is implementing programmes to enhance its operations and has secured its first automotive radar antenna programme using its proprietary plastic metallisation process. Frencken expects its automotive segment to benefit from more such programmes in the future.

Reiterate Add

Given cost pressures, we have assumed higher operating expenses and reduced our FY22-23F EPS by 2.04-3.25%. Keeping our 10% premium to the CY23F sector average P/E multiple of 10.60x (given Frencken's FY21-24F EPS CAGR of 16.5%) our new P/E multiple is 11.66x, translating into a slightly lower TP of S\$2.06. Previously our target P/E multiple was 11.44x, based on a 10% premium to the CY23F sector average P/E multiple of 10.40x on 28 Jan 2022. Key risks are potential production disruptions arising from Covid-19 infections in its workforce and further cost pressures from higher raw material costs.

Financial Summary

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue (S\$m)	620.6	767.1	847.9	897.3	945.7
Net Profit (S\$m)	42.57	58.73	68.70	75.56	80.08
Core EPS (S\$)	0.12	0.14	0.16	0.18	0.19
Core EPS Growth	4.9%	20.4%	17.0%	10.0%	6.0%
FD Core P/E (x)	14.15	11.75	10.05	9.14	8.62
Price To Sales (x)	1.11	0.90	0.81	0.77	0.73
DPS (S\$)	0.030	0.041	0.048	0.053	0.056
Dividend Yield	1.84%	2.53%	2.96%	3.26%	3.45%
EV/EBITDA (x)	8.36	6.82	5.50	4.65	3.94
P/FCFE (x)	12.81	45.87	15.29	9.88	8.46
Net Gearing	(31.9%)	(25.2%)	(28.3%)	(34.6%)	(41.2%)
P/BV (x)	2.07	1.84	1.63	1.45	1.29
ROE	15.5%	16.5%	17.2%	16.8%	15.9%
% Change In Core EPS Estimates			(3.25%)	(2.04%)	
CGS-CIMB/Consensus EPS (x)			0.98	0.98	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 1: Results comparison

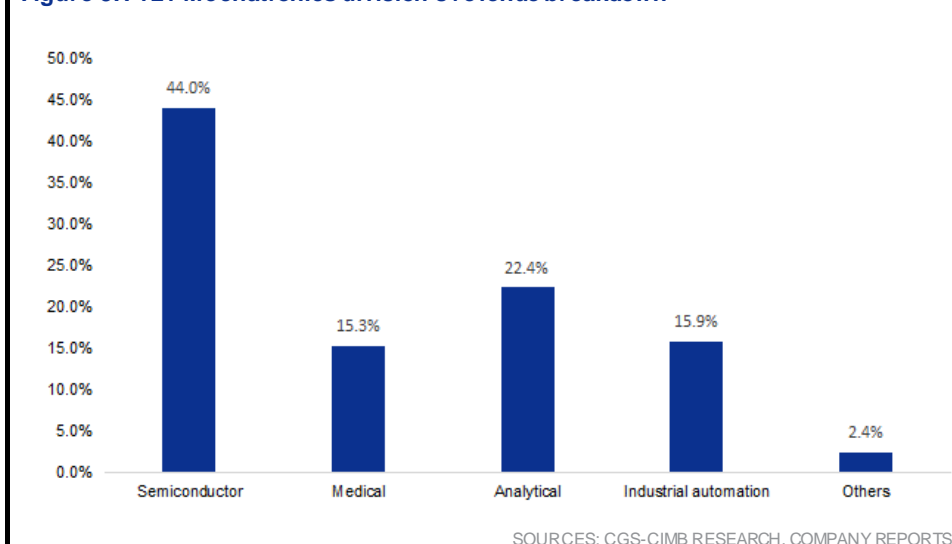
FYE 31 Dec (\$\$ m)	2HFY21	2HFY20	yoy % chg	4QFY21 Cum	4QFY20 Cum	yoy % chg	Prev FY21F	Comments
Revenue	391.8	328.1	19.4	767.1	620.6	23.6	752.0	In line at 102% of our FY21F forecast and above (at 106%) of Bloomberg consensus full-year expectations.
Operating costs	(346.6)	(282.3)	22.8	(671.8)	(540.0)	24.4	(653.9)	
EBITDA	45.2	45.8	(1.5)	95.2	80.6	18.1	98.0	
EBITDA margin (%)	11.5	14.0	-2.5% pts	12.4	13.0	(4.4)	13.0	2H21 margin declined yoy due to the 9.6% yoy drop in sales in the IMS division.
Deprn & amort.	(12.4)	(11.0)	12.8	(23.3)	(21.7)	7.5	(22.0)	
EBIT	32.8	34.8	(5.9)	71.9	58.9	22.1	76.1	
Interest income	0.5	0.6	(17.6)	1.0	1.6	(38.6)	1.0	
Interest exp	(1.3)	(1.1)	16.4	(2.4)	(2.4)	(1.7)	(2.8)	
Associates' contrib	0.0	0.0	na	0.0	0.0	na	0.0	
Exceptionals	0.0	(6.2)	(100.0)	0.0	(6.2)	(100.0)	0.0	Impairment loss on deferred development costs.
Pretax profit	31.9	28.1	13.8	70.5	51.9	36.0	74.3	
Tax	(4.4)	(3.7)	21.7	(11.4)	(8.8)	29.3	(13.5)	
Tax rate (%)	13.9	13.0	+0.9% pts	16.2	17.0	(4.9)	18.2	
Minority interests	0.1	0.6	(85.3)	0.4	0.5	(19.2)	0.5	
Net profit	27.4	23.8	14.9	58.7	42.6	38.0	60.3	In line at 97% of our/Bloomberg consensus full-year expectations.
Core net profit	27.4	30.1	(8.9)	58.7	48.8	20.4	60.3	FY20 core net profit after adding back impairment loss on deferred development costs.
EPS (cts)	6.4	5.6	14.7	13.8	10.0	37.4	14.1	
Core EPS (cts)	6.4	7.1	(9.1)	13.7	11.5	19.8	14.1	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 2: Earnings Revision

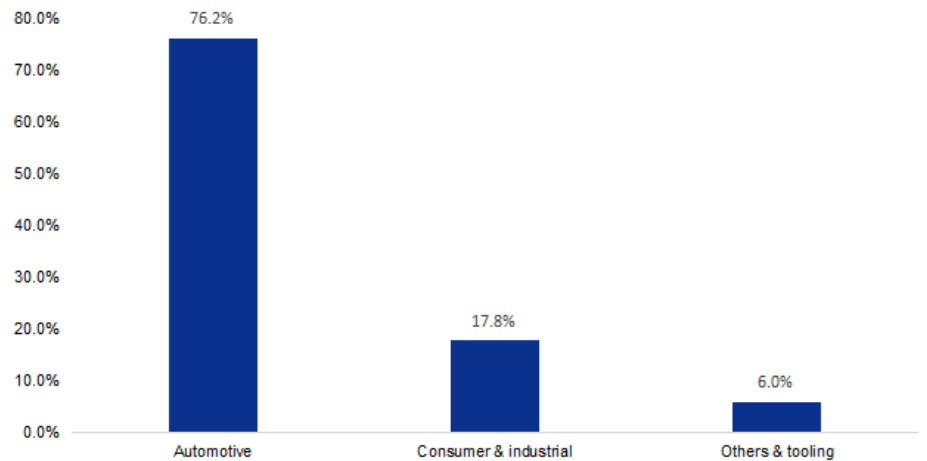
FYE Dec (\$\$ m)	Old		New		% chg	
	FY22F	FY23F	FY22F	FY23F	FY22F	FY23F
Revenue	831.31	879.74	847.92	897.30	2.00	2.00
Gross profit	144.65	153.08	147.54	157.92	2.00	3.17
Operating expenses	(63.17)	(66.64)	(68.49)	(70.61)	8.42	5.96
Net profit	71.01	77.13	68.70	75.56	(3.25)	(2.04)
Gross profit margin	17.40	17.40	17.40	17.60	0.00	0.20

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Figure 3: FY21 Mechatronics division's revenue breakdown


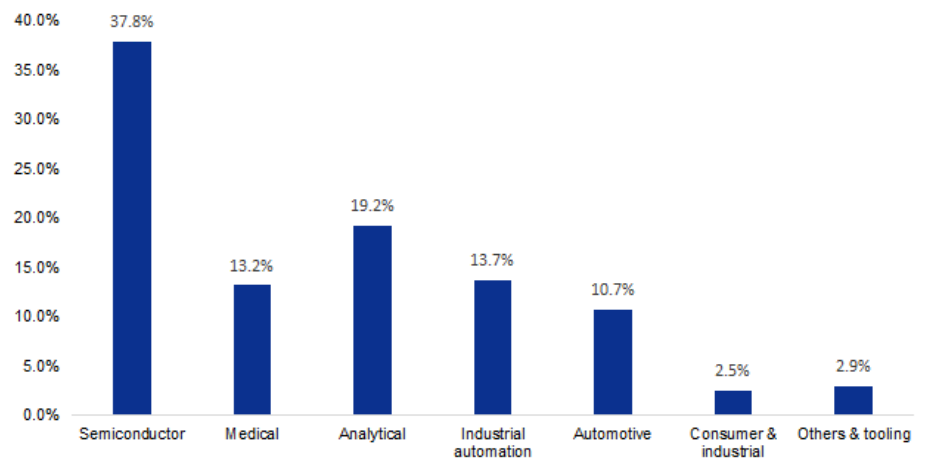
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 4: FY21 IMS division's revenue breakdown



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 5: FY21 segmental revenue breakdown



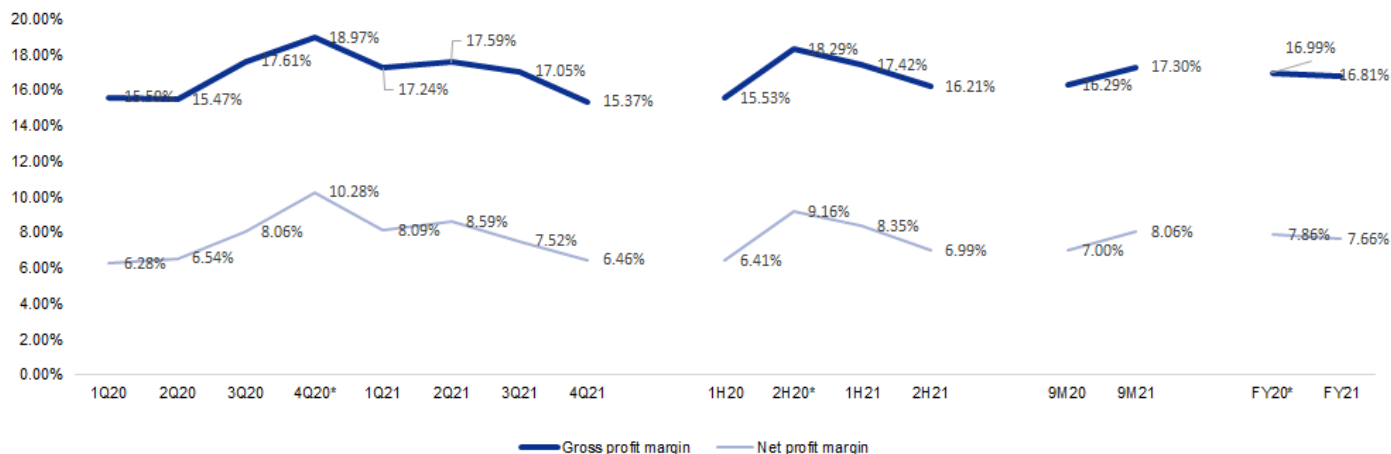
SOURCES: COMPANY REPORTS

Figure 6: FY22F revenue guidance

Segment	Revenue (S\$ m)		
	1H21	2H21	FY22F Guidance
Semiconductor	140.8	149.1	Anticipated to post higher revenue hoh.
Medical	49.0	51.9	Expected to register stable revenue hoh.
Analytical	70.5	76.9	Expected to register stable revenue hoh.
Industrial automation	53.6	51.1	Anticipated to increase hoh.
Automotive	43.4	38.8	Anticipated to record higher revenue hoh.

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 7: Historical GPM & NPM trend



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

*IN 4Q20, FRENCKEN BOOKED AN EXCEPTIONAL LOSS OF S\$6.22m WHICH WE WROTE BACK TO GET A BETTER SENSE OF ITS OPERATING PERFORMANCE

Figure 8: Target price derivation

		Comments
FY23F net profit (S\$ m)	75.56	Previously 77.13m on 28 Jan-22.
IC (mil)	427.03	Unchanged.
EPS (S\$)	0.1769	Previously 0.1809 on 28 Jan-22.
Tgt P/E (x)	11.66	Now 11.66x (10% premium to the CY23F sector average P/E of 10.60x). Previously 11.44x (10% premium to CY23F sector average P/E of 10.40x on 28 Jan-22). We pegged a 10.0% premium to factor in Frencken's 3-year EPS CAGR of 16.5% (previously 17.3% on 28 Jan-22). Over FY17-21, Frencken's forward average P/E multiple was 7.3x while the +2 s.d P/E multiple above this average level was 12.8x.
TP (S\$)	2.06	Previously 2.07 on 28 Jan-22.
Last price (S\$)	1.63	
Upside	26.57%	
FY23F DPS (S\$)	0.05	Now, we assume a dividend payout ratio of 30.0%, in line its average dividend payout ratio over FY18-21 of 30.0%. Previously, we assumed that Frencken will keep its DPS unchanged at historical level.
Dividend yield	3.26%	
Potential total return	29.83%	Recommendation: Add

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

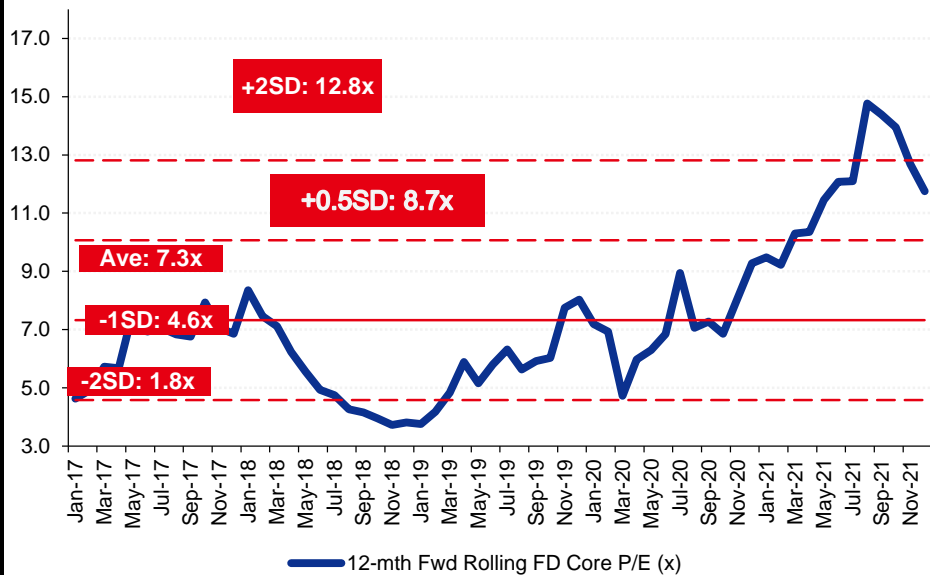
Figure 9: Peer Comparison

Company	Bloomberg Ticker	Recom.	Price (lcl curr)	Target Price (lcl curr)	Market Cap (US\$ m)	P/E (x)			3-year EPS CAGR (%)	P/BV (x)		Recurring ROE (%)	Dividend Yield (%)
						CY22F	CY23F	CY24F		CY22F	CY23F		
Frencken Group Ltd	FRKN SP	Add	1.63	2.06	515	11.8	10.0	9.1	16.5%	1.84	1.63	16.6%	2.5%
AEM Holdings Ltd	AEM SP	Add	4.21	7.90	963	13.6	10.2	9.3	8.4%	3.28	2.66	31.5%	1.7%
Aztech Global Ltd	AZTECH SP	Add	0.94	1.59	536	8.8	8.0	7.1	14.8%	2.48	2.15	49.6%	5.3%
Grand Venture Technology Ltd	GVTL SP	Add	1.01	1.60	248	16.5	11.6	9.2	71.8%	3.27	2.67	28.8%	1.0%
ISDN Holdings Ltd	ISDN SP	Add	0.65	1.00	211	10.8	9.4	8.3	17.4%	1.49	1.34	14.6%	2.4%
Nanofilm Technologies Int'l Ltd	NANO SP	Add	2.90	3.50	1,410	30.8	23.6	19.3	17.8%	4.45	3.90	14.5%	0.7%
UMS Holdings Ltd	UMSH SP	Add	1.22	1.63	601	12.5	11.2	10.8	18.9%	2.94	2.63	25.0%	4.9%
Vicplas International Ltd	VPS SP	Add	0.22	0.28	81	10.3	9.5	8.6	21.4%	1.46	1.31	15.2%	2.3%
Venture Corporation	VMS SP	Add	17.68	23.32	3,798	16.5	14.3	13.2	10.0%	1.89	1.80	11.7%	4.2%
Simple average excluding FRKN & NANO						12.7	10.6	9.5	23.2%	2.40	2.08	25.2%	3.1%

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG

DATA AS AT 25 FEB 2022

Figure 10: Frencken Group Ltd 12-mth Forward Rolling FDP/E (x)



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 11: Abbreviations used in this report

Frencken	Frencken Group Limited
IMS	Integrated manufacturing services
GPM	Gross profit margin
NPM	Net profit margin
hoh	Half-on-half
Scts	Singapore cents

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS



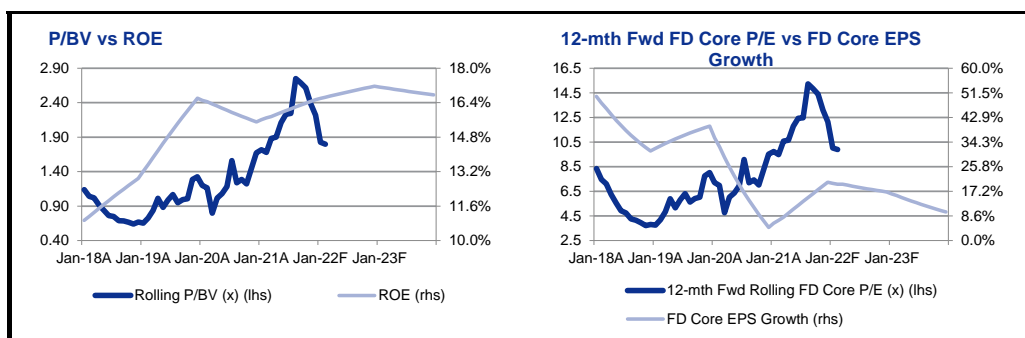
ESG in a nutshell

Frencken Group Limited (Frencken) provides original design, original equipment and diversified integrated manufacturing solutions for customers in the automotive, healthcare, industrial, analytical & life sciences, and semiconductor industries. Frencken believes a solid governance structure is essential for the long-term prosperity of an organisation. With the guidance of the Code of Corporate Governance (2018 Code) issued by the Monetary Authority of Singapore (MAS) in August 2018, Frencken ensures compliance and strives to uphold the highest standards of corporate governance.

<p>Keep your eye on</p> <p>Customer concentration risk.</p>	<p>Implications</p> <p>Frencken has one customer that accounted for 17.6% of its FY20 revenue. This risk is offset by Frencken's exposure to other business segments and efforts to recruit new customers.</p>
<p>ESG highlights</p> <p>The group aims to reduce its environmental footprint and keeps itself updated on local environmental regulations and guidelines. The group aims to achieve a balance between its economic growth and contribution in sustaining the environment</p>	<p>Implications</p> <p>Frencken's efforts to reduce its environmental impact include replacing legacy lighting with energy efficient LED lighting, and the use of renewable energy. One of its subsidiaries completed the installation of 940 solar panels at its head office in Feb 2021. Further progress in the usage of energy efficient lighting and renewable energy could lower the group's operating costs.</p>
<p>Trends</p> <p>Frencken has established occupational safety and health (OSH) policies as well as set up a safety and health committee within each of its various entities. The committee comprises representatives from the executive and non-executive staff.</p>	<p>Implications</p> <p>According to Frencken's FY20 sustainability report, there were zero cases of occupational diseases and zero work-related fatalities reported by three entities that were covered for this study. Regrettably, a case of injury occurred at another entity, which resulted in 52 lost man days. The accident was properly documented and reported to the Department of Occupational Safety and Health and the entity has also performed an investigation on the matter alongside the implementation of necessary rectification actions. Such accidents are unlikely to have a material impact on our earnings forecasts.</p>

SOURCES: CGS-CIMB RESEARCH, REFINITIV

BY THE NUMBERS



Profit & Loss

(\$m)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Total Net Revenues	620.6	767.1	847.9	897.3	945.7
Gross Profit	127.1	152.2	172.5	184.1	194.3
Operating EBITDA	70.0	87.6	104.0	113.5	120.1
Depreciation And Amortisation	(21.7)	(23.3)	(25.0)	(26.2)	(27.4)
Operating EBIT	48.3	64.3	79.1	87.3	92.8
Financial Income/(Expense)	(0.8)	(1.4)	(1.8)	(1.8)	(1.8)
Pretax Income/(Loss) from Assoc.	0.0	0.0	0.0	0.0	0.0
Non-Operating Income/(Expense)	10.6	7.6	6.0	6.0	6.0
Profit Before Tax (pre-EI)	58.1	70.5	83.3	91.5	97.0
Exceptional Items	(6.2)	0.0	0.0	0.0	0.0
Pre-tax Profit	51.9	70.5	83.3	91.5	97.0
Taxation	(8.8)	(11.4)	(14.2)	(15.6)	(16.5)
Exceptional Income - post-tax					
Profit After Tax	43.0	59.1	69.1	76.0	80.5
Minority Interests	(0.5)	(0.4)	(0.4)	(0.4)	(0.4)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	42.6	58.7	68.7	75.6	80.1
Recurring Net Profit	48.8	58.7	68.7	75.6	80.1
Fully Diluted Recurring Net Profit	48.8	58.7	68.7	75.6	80.1

Cash Flow

(\$m)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
EBITDA	70.01	87.61	104.02	113.48	120.13
Cash Flow from Inv. & Assoc.					
Change In Working Capital	8.08	(36.87)	(18.18)	(4.46)	0.69
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	0.00	0.00	0.00	0.00	0.00
Other Operating Cashflow	8.40	4.60	4.10	4.50	4.50
Net Interest (Paid)/Received	(0.84)	(1.40)	(1.80)	(1.80)	(1.80)
Tax Paid	(6.01)	(13.53)	(13.98)	(12.83)	(12.95)
Cashflow From Operations	79.64	40.41	74.16	98.89	110.57
Capex	(23.66)	(17.48)	(30.00)	(30.00)	(30.00)
Disposals Of FAs/subsidiaries	0.00	0.00	0.00	0.00	0.00
Acq. Of Subsidiaries/investments	0.00	0.00	0.00	0.00	0.00
Other Investing Cashflow	0.91	(11.37)	1.00	1.00	1.00
Cash Flow From Investing	(22.76)	(28.85)	(29.00)	(29.00)	(29.00)
Debt Raised/(repaid)	(2.98)	3.48	0.00	0.00	0.00
Proceeds From Issue Of Shares	0.84	0.12	0.00	0.00	0.00
Shares Repurchased	0.00	0.00	0.00	0.00	0.00
Dividends Paid	(12.76)	(12.81)	(20.61)	(22.67)	(24.02)
Preferred Dividends					
Other Financing Cashflow	(0.07)	0.00	0.00	0.00	0.00
Cash Flow From Financing	(14.96)	(9.21)	(20.61)	(22.67)	(24.02)
Total Cash Generated	41.92	2.36	24.55	47.22	57.55
Free Cashflow To Equity	53.91	15.05	45.16	69.89	81.57
Free Cashflow To Firm	59.30	13.94	47.96	72.69	84.37

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

(S\$m)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Total Cash And Equivalents	174.5	192.6	218.4	263.9	318.9
Total Debtors	111.4	140.1	156.2	164.3	172.2
Inventories	143.2	203.1	211.1	202.6	200.6
Total Other Current Assets	0.3	0.0	0.0	0.0	0.0
Total Current Assets	429.3	535.8	585.6	630.7	691.6
Fixed Assets	118.1	129.4	134.5	138.3	140.9
Total Investments	0.0	0.0	0.0	0.0	0.0
Intangible Assets	11.7	19.5	19.2	18.9	18.6
Total Other Non-Current Assets	4.7	3.5	3.5	3.5	3.5
Total Non-current Assets	134.5	152.4	157.1	160.7	163.0
Short-term Debt	67.3	95.6	95.6	95.6	95.6
Current Portion of Long-Term Debt					
Total Creditors	129.6	179.9	185.8	181.0	187.6
Other Current Liabilities	14.7	12.8	12.8	12.8	12.8
Total Current Liabilities	211.7	288.4	294.2	289.4	296.0
Total Long-term Debt	0.0	1.6	1.6	1.6	1.6
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	15.8	19.2	19.2	19.2	19.2
Total Non-current Liabilities	15.8	20.7	20.7	20.7	20.7
Total Provisions	0.0	0.0	0.0	0.0	0.0
Total Liabilities	227.5	309.1	315.0	310.1	316.8
Shareholders' Equity	334.0	376.2	424.3	477.1	533.2
Minority Interests	2.3	2.9	3.4	3.8	4.2
Total Equity	336.3	379.0	427.7	480.9	537.4

Key Ratios

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue Growth	(5.8%)	23.6%	10.5%	5.8%	5.4%
Operating EBITDA Growth	(5.9%)	25.1%	18.7%	9.1%	5.9%
Operating EBITDA Margin	11.3%	11.4%	12.3%	12.6%	12.7%
Net Cash Per Share (S\$)	0.25	0.23	0.29	0.39	0.52
BVPS (S\$)	0.79	0.89	1.00	1.13	1.26
Gross Interest Cover	20.05	27.15	28.23	31.18	33.13
Effective Tax Rate	17.0%	16.2%	17.0%	17.0%	17.0%
Net Dividend Payout Ratio	26.2%	30.0%	30.0%	30.0%	30.0%
Accounts Receivables Days	57.89	52.81	56.54	58.35	58.63
Inventory Days	105.3	102.8	111.9	105.8	98.2
Accounts Payables Days	62.26	59.95	67.46	64.15	61.49
ROIC (%)	19.6%	26.2%	26.1%	26.8%	27.8%
ROCE (%)	13.2%	14.8%	16.0%	16.0%	15.5%
Return On Average Assets	9.4%	9.7%	9.9%	10.1%	10.0%

Key Drivers

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Industrial automation revenue (S\$m)	104.7	109.9	118.4	127.5	137.3
Semiconductor revenue (S\$m)	289.9	344.0	361.4	387.4	415.3

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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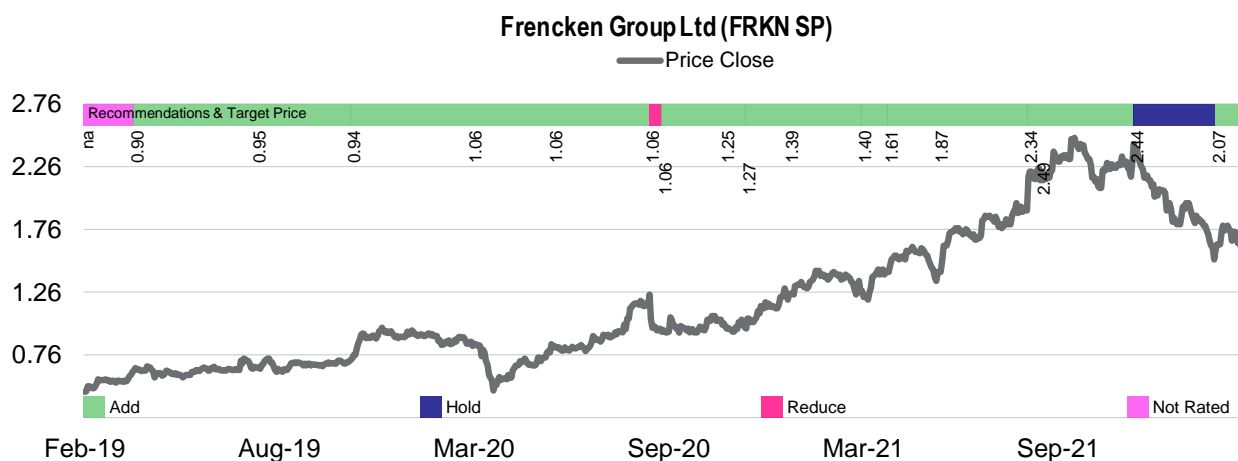
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	Rating Distribution (%)	Investment Banking clients (%)
Add	71.1%	1.5%
Hold	21.8%	0.0%
Reduce	7.1%	0.0%

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 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.

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.

