

## Malaysia

### ADD (no change)

Consensus ratings\*: Buy 9 Hold 10 Sell 2

Current price:	RM1.69
Target price:	RM2.05
Previous target:	RM2.20
Up/downside:	21.3%
CGS-CIMB / Consensus:	-11.9%
Reuters:	KRIB.KL
Bloomberg:	KRI MK
Market cap:	US\$1,030m
	RM4,312m
Average daily turnover:	US\$4.98m
	RM20.98m
Current shares o/s:	2,558m
Free float:	40.2%
*Source: Bloomberg	

### Key changes in this note

- FY22-23F EPS lowered to account for lower ASPs.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-13.3	-18.4	-57.9
Relative (%)	-17.3	-23.6	-58.5

Major shareholders	% held
Kossan Holdings Sdn Bhd	51.1
Employees Provident Fund	6.5
Kumpulan Wang Persaraan	2.2

### Analyst(s)



#### Walter AW

T (60) 3 2635 9255

E walter.aw@cgs-cimb.com

# Kossan Rubber Industries

## Near-term weakness more than priced in

- FY21 core net profit of RM2.9bn (+183% yoy) missed estimates, due to weaker-than-expected sales volume in 4Q21.
- We expect Kossan to post a 90% yoy decline in FY22 net profit, due to: i) declining ASPs, ii) slower glove demand and iii) lower economies of scale.
- Maintain Add as the stock offers 21.3% upside to our TP at RM2.05 and backed by RM0.94 per share net cash as at 4Q21 (54.4% of mkt cap).

### FY21 core net profit grew 183% yoy; earnings miss in 4Q21

4Q21 net profit came in at RM219m (-55.5% yoy), bringing FY21 net profit to RM2.9bn (+183% yoy). This was below both our (94%) and Bloomberg consensus full-year estimates (96%). The earnings miss in 4Q21 was mainly owing to lower-than-expected sales volume from slower customer demand and supply-led operating environment. Kossan announced an interim dividend of 8.6sen/share, bringing FY21 dividend to 48sen/share (42.9% div payout) which was below our expectations of a 60% payout.

### Weaker qoq results were owing to a sharp dip in ASPs

4Q21 revenue and core net profit waned qoq by 29% and 58.6%, respectively. This was owing to a decline in ASPs (-35% to -40% qoq) as a result of slower buying patterns from customers and global glove capacity build up as well as lower economies of scale. Despite qoq growth in 4Q21 sales volume (+13% to +18% qoq), 4Q21 EBITDA margins still declined 22.8% pts qoq to 31.8% in tandem with the decline in ASPs.

### Expecting a 90% yoy decline in FY22 net profit

Heading into FY22, we expect Kossan to post a 90% yoy drop in net profit as we see declining ASPs (supply-led dynamics in the global glove sector), slower sales volume (lower spot orders and production restrictions during EMCO), and increasing capacity in the global glove sector (aggressive expansion plans). In view of lower-than-expected industry ASPs, we lower our ASP estimates (US\$26.6/US\$26.1 per 1k pieces in FY22F/23F from US\$35.1/US\$27.9 previously).

### Weak outlook more than priced in at current levels, in our view

In our view, Kossan's weak near-term outlook has been fully priced in at the current valuations. The stock now trades at 14x CY23F P/E; a 25.7% discount to the glove sector's CY23F P/E of 19.4x. Kossan also had a net cash position of RM2.4bn at end-FY21, which translates into 93.8sen/share (54.4% of market cap).

### Maintain Add, with lower TP of RM2.05 (17x CY23F P/E)

We lower our FY22-23F EPS to account for lower ASPs while we introduce our FY24 EPS estimates. In tandem with our EPS cut, our TP is lowered to RM2.05 (17x CY23F P/E, in-line with its 5-year historical mean). We reiterate our Add call, as we believe that current valuations (15% discount to its 5-year historical mean of 17x) have more-than priced in its weak near-term earnings outlook. It is also backed by its strong balance sheet market and position among top ten glove makers globally.

### Financial Summary

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue (RMm)	3,638	6,657	3,348	3,417	3,761
Operating EBITDA (RMm)	1,505	3,843	551	540	594
Net Profit (RMm)	1,036	2,854	293	308	331
Core EPS (RM)	0.39	1.12	0.11	0.12	0.13
Core EPS Growth	339%	190%	(90%)	5%	8%
FD Core P/E (x)	4.39	1.51	14.77	14.04	13.04
DPS (RM)	0.14	0.48	0.05	0.05	0.05
Dividend Yield	8.3%	28.4%	2.7%	2.8%	3.1%
EV/EBITDA (x)	2.62	0.51	4.09	4.51	4.43
P/FCFE (x)	3.46	2.40	NA	NA	NA
Net Gearing	(16.7%)	(58.5%)	(49.5%)	(43.5%)	(37.3%)
P/BV (x)	1.80	1.07	1.03	0.98	0.94
ROE	51.5%	88.8%	7.1%	7.2%	7.4%
% Change In Core EPS Estimates			(6.17%)	(7.36%)	
CGS-CIMB/Consensus EPS (x)			0.57	0.80	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 1: Results Comparison**

FYE Dec	4Q	4Q	yoy %	qoq	4QFY21	4QFY20	yoy %	Prev.	Comments
(RM m)	FY21	FY20	chg	chg	Cum	Cum	chg	FY21F	
Revenue	924.6	1,307.0	(29.3)	(29.0)	6,657.5	3,638.5	83.0	7,590.5	FY21: Higher ASPs (grew by +107% to +112% yoy) more than offset lower sales volume (declined by 8% to 13% yoy)
Operating costs	(630.2)	(560.8)	12.4	6.7	(2,814.8)	(2,133.4)	31.9	(3,377.4)	
<b>EBITDA</b>	<b>294.4</b>	<b>746.3</b>	<b>(60.5)</b>	<b>(58.7)</b>	<b>3,842.7</b>	<b>1,505.1</b>	<b>155.3</b>	<b>4,213.1</b>	
<b>EBITDA margin (%)</b>	<b>31.8</b>	<b>57.1</b>	<b>(25.3)</b>	<b>(22.8)</b>	<b>57.7</b>	<b>41.4</b>	<b>16.4</b>	<b>55.5</b>	4Q21: Weaker margins on a qoq basis due to a larger quantum of decline in ASPs than quantum of decline in raw material prices
Depn & amort.	(29.3)	(30.8)	(5.0)	28.2	(115.4)	(109.1)	5.8	(122.7)	
EBIT	265.1	715.4	(62.9)	(61.5)	3,727.3	1,396.0	167.0	4,090.4	
Interest expense	(0.6)	(5.2)	(88.8)	(60.0)	(6.1)	(15.0)	(59.6)	(18.1)	Net cash position of RM2.4bn at end-4Q21
Interest & invt inc	9.2	3.9	134.7	4.1	26.5	9.7	174.6	17.2	
Associates' contrib	-	-	-	-	-	-	-	-	
Exceptionals	-	50.7	nm	-	(75.0)	50.7	nm	-	FY21: Remediation fees of RM25m and donation to Covid-19 related fund of RM50m
<b>Pretax profit</b>	<b>273.7</b>	<b>764.9</b>	<b>(64.2)</b>	<b>(60.7)</b>	<b>3,747.8</b>	<b>1,441.4</b>	<b>160.0</b>	<b>4,089.6</b>	
Tax	(54.6)	(221.0)	(75.3)	(67.4)	(890.9)	(349.3)	155.1	(981.5)	
Tax rate (%)	20.0	28.9	(8.9)	(4.1)	23.8	24.2	(0.5)	24.0	FY21: In-line with statutory tax rate
Minority interests	(0.4)	(1.3)	(70.2)	(46.4)	(3.3)	(5.4)	(39.2)	(5.0)	
<b>Net profit</b>	<b>218.7</b>	<b>542.5</b>	<b>(59.7)</b>	<b>(58.6)</b>	<b>2,853.5</b>	<b>1,086.7</b>	<b>162.6</b>	<b>3,103.1</b>	<b>Below our expectations as we anticipate a weaker qoq result in 4Q21</b>
<b>Core net profit</b>	<b>218.7</b>	<b>491.7</b>	<b>(55.5)</b>	<b>(58.6)</b>	<b>2,928.5</b>	<b>1,035.9</b>	<b>182.7</b>	<b>3,103.1</b>	
EPS (sen)	8.5	21.2	(59.7)	(58.6)	111.6	42.5	162.6	121.3	
Core EPS (sen)	8.5	19.2	(55.5)	(58.6)	114.5	40.5	182.7	121.3	Based on 2.6bn outstanding shares

SOURCES: CGS-CIMB, COMPANY REPORTS

**Figure 2: Segmental revenue and profit before tax (PBT)**

Segmental revenue									
FYE Dec	4Q	4Q	yoy %	qoq %	4QFY21	4QFY20	yoy %	Comments	
(RM m)	FY21	FY20	chg	chg	cum	cum	chg		
Technical rubber	45.9	53.3	(13.8)	25.8	174.3	163.2	6.7	4Q21: Stronger qoq due to higher demand (easing of lockdown restrictions)	
Gloves	836.4	1,207.7	(30.7)	(31.3)	6,271.7	3,333.0	88.2	4Q21: Weaker due to lower ASPs	
Clean-room	42.0	45.6	(7.9)	(9.5)	205.8	155.9	32.0		
Investment holding	0.3	0.5	(49.3)	(87.7)	5.6	1.3	329.3		
<b>Total revenue</b>	<b>924.6</b>	<b>1,307.0</b>	<b>(29.3)</b>	<b>(29.0)</b>	<b>6,657.4</b>	<b>3,653.5</b>	<b>82.2</b>		
Segmental PBT									
FYE Dec	4Q	4Q	yoy %	qoq %	4QFY21	4QFY20	yoy %	Comments	
(RM m)	FY21	FY20	chg	chg	cum	cum	chg		
Technical rubber	2.2	7.7	(71.3)	(40.2)	21.7	22.4	(3.1)	FY21: Higher operating costs and less profitable sales mix	
Gloves	286.8	753.4	(61.9)	(58.4)	3,714.9	1,397.8	165.8	4Q21: Due to decline in ASPs	
Clean-room	1.1	10.8	(89.7)	(78.7)	31.5	31.4	0.2		
Investment holding	(16.5)	(7.1)	131.8	1,280.1	(20.3)	(7.1)	188.2		
<b>Total PBT</b>	<b>273.7</b>	<b>764.9</b>	<b>(64.2)</b>	<b>(60.7)</b>	<b>3,747.8</b>	<b>1,444.6</b>	<b>159.4</b>		

SOURCES: CGS-CIMB, COMPANY REPORTS

**Figure 3: Earnings revision**

RM m	2021A	FY22F			FY23F			FY24F		
		Old	New	%chg	Old	New	%chg	Old	New	%chg
Revenue	6,657	3,292	3,348	1.7%	3,542	3,417	-3.5%	-	3,761	-
EBITDA	3,843	555	551	-0.7%	595	540	-9.2%	-	594	-
Core pretax profit	3,748	415	415	-5.4%	433	399	-7.8%	-	428	-
Core net profit	2,854	312	293	-6.1%	332	308	-7.3%	-	332	-
Core EPS (sen)	112	12	11	-6.1%	13	12	-7.3%	-	13	-

SOURCES: CGS-CIMB, COMPANY REPORTS

## Re-rating catalysts and downside risks ►



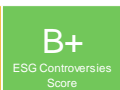
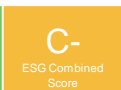



Potential re-rating catalysts: higher-than-expected increase in ASPs and stronger-than-expected demand for gloves.

Downside risks: i) another Covid-19 outbreak among its workers leading to production disruptions, ii) a sharp decline in ASPs, and iii) a further spike in raw material prices.

Figure 4: Sector Comparisons (CGS-CIMB's rubber products sector coverage)

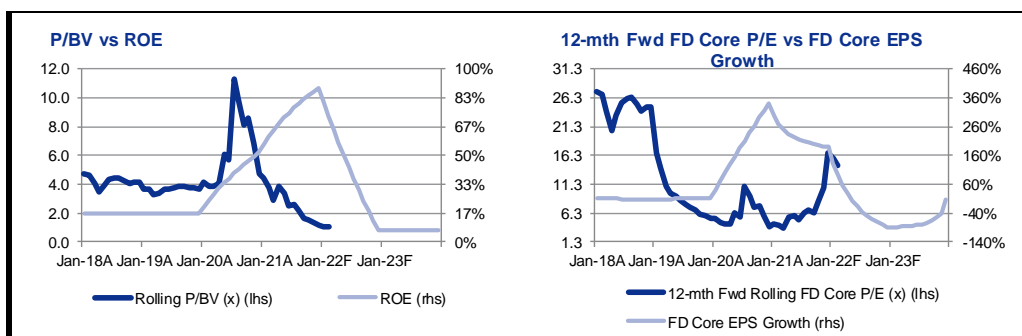
Company	Bloomberg Ticker	Recom.	Share price (local curr)	Target Price (local curr)	Market Cap (US\$ m)	Core P/E (x)		3-year EPS CAGR (%)	P/BV (x)		Recurring ROE (%)		Dividend Yield (%)	
						CY22F	CY23F		CY22F	CY23F	CY22F	CY23F	CY22F	CY23F
<b>Malaysia-listed glove makers</b>														
Hartalega Holdings	HART MK	Hold	5.01	5.80	4,089	13.8	25.1	-20.2%	2.7	2.6	20.1%	10.4%	4.3%	2.4%
<b>Kossan Rubber Industries</b>	<b>KRI MK</b>	<b>Add</b>	<b>1.69</b>	<b>2.05</b>	<b>1,030</b>	<b>14.8</b>	<b>14.0</b>	<b>-13.9%</b>	<b>1.0</b>	<b>1.0</b>	<b>7.1%</b>	<b>7.1%</b>	<b>2.4%</b>	<b>2.5%</b>
Supermax Corp	SUCB MK	Reduce	1.15	1.00	743	4.7	17.5	-58.7%	0.5	0.5	12.1%	3.0%	6.4%	1.7%
<b>Weighted average</b>						<b>12.8</b>	<b>22.2</b>	<b>-16.8%</b>	<b>2.1</b>	<b>2.0</b>	<b>16.8%</b>	<b>8.9%</b>	<b>4.3%</b>	<b>2.3%</b>
<b>Singapore-listed glove makers</b>														
Riverstone Holdings	RSTON SP	Add	0.72	1.20	789	8.4	10.2	-39.2%	1.5	1.5	17.0%	14.7%	5.9%	4.9%
UG Healthcare Corp Ltd	UGHC SP	Add	0.28	0.42	128	5.0	N/A	N/A	0.7	N/A	14.8%	N/A	1.0%	N/A
<b>Weighted average</b>						<b>8.0</b>	<b>8.8</b>	<b>-33.7%</b>	<b>0.0</b>	<b>1.3</b>	<b>16.7%</b>	<b>12.7%</b>	<b>5.2%</b>	<b>4.2%</b>
<b>Weighted Average</b>						<b>17.2</b>	<b>16.8</b>	<b>-14.0%</b>	<b>2.2</b>	<b>2.3</b>	<b>14.4%</b>	<b>16.1%</b>	<b>3.4%</b>	<b>3.1%</b>
<b>Simple Average</b>						<b>12.1</b>	<b>16.1</b>	<b>-9.7%</b>	<b>1.5</b>	<b>1.9</b>	<b>13.6%</b>	<b>14.2%</b>	<b>3.6%</b>	<b>1.5%</b>

SOURCES: CGS-CIMB RESEARCH, BLOOMBERG

Refinitiv ESG Scores	
	     
<p><b>ESG in a nutshell</b></p> <p>According to its 2020 annual report, Kossan has established a sustainability working group, which is chaired by an executive director and comprises key members of management and relevant operational team members. Through its materiality assessment process, Kossan has established eight sustainability themes clustered in three strategic pillars (sustainable business growth, environmental stewardship and social responsibility).</p>	
<p><b>Keep your eye on</b></p> <p>Kossan employs close to 4,000 foreign workers (out of a total workforce of 7,000), which may lead to foreign labour issues, such as recruitment fees and workers' rights.</p>	<p><b>Implications</b></p> <p>Kossan has finalised its remediation programme for its foreign labour, which amounted to RM54m. As of end-Apr 21, the company had paid RM29m, with the remaining RM25m paid by end-Jun 21. However, the company has not revealed many details regarding the accommodation of its foreign workers.</p>
<p><b>ESG highlights</b></p> <p>Two of Kossan's plants are certified ISO 14001:2015, while two plants have installed photovoltaic solar panels.</p>	<p><b>Implications</b></p> <p>While this is a step in the right direction in improving its environmental best practices, we gather from Kossan's website that it currently has a total of 20 plants (19 in Malaysia and 1 in China). We await more information from Kossan on improvements on this front for its existing plants.</p>
<p><b>Trends</b></p> <p>Kossan states that its operations are in compliance with the environmental laws and regulations of Malaysia. While the company has shared its initiatives in terms of those related to the environment, it does not disclose trends or numerical targets.</p>	<p><b>Implications</b></p> <p>We are negative on this matter. While we are aware of the company's initiatives, we do not know the company's targets and are unable to gauge its progress in this aspect due to limited disclosures. Also, we are unable to compare this against that of its peers.</p>

SOURCES: CGS-CIMB RESEARCH, REFINITIV

## BY THE NUMBERS



### Profit & Loss

(RMm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
<b>Total Net Revenues</b>	<b>3,638</b>	<b>6,657</b>	<b>3,348</b>	<b>3,417</b>	<b>3,761</b>
<b>Gross Profit</b>	<b>2,117</b>	<b>4,298</b>	<b>1,105</b>	<b>1,097</b>	<b>1,207</b>
<b>Operating EBITDA</b>	<b>1,505</b>	<b>3,843</b>	<b>551</b>	<b>540</b>	<b>594</b>
Depreciation And Amortisation	(109)	(115)	(153)	(156)	(180)
<b>Operating EBIT</b>	<b>1,396</b>	<b>3,727</b>	<b>398</b>	<b>384</b>	<b>414</b>
Financial Income/(Expense)	(5)	20	16	15	13
Pretax Income/(Loss) from Assoc.	0	0	0	0	0
Non-Operating Income/(Expense)	0	0	0	0	0
<b>Profit Before Tax (pre-EI)</b>	<b>1,391</b>	<b>3,748</b>	<b>414</b>	<b>399</b>	<b>427</b>
Exceptional Items	0	0	0	0	0
<b>Pre-tax Profit</b>	<b>1,391</b>	<b>3,748</b>	<b>414</b>	<b>399</b>	<b>427</b>
Taxation	(349)	(891)	(117)	(88)	(94)
Exceptional Income - post-tax	0	0	0	0	0
<b>Profit After Tax</b>	<b>1,041</b>	<b>2,857</b>	<b>298</b>	<b>311</b>	<b>333</b>
Minority Interests	(5)	(3)	(5)	(3)	(2)
Preferred Dividends	0	0	0	0	0
FX Gain/(Loss) - post tax	0	0	0	0	0
Other Adjustments - post-tax	0	0	0	0	0
<b>Net Profit</b>	<b>1,036</b>	<b>2,854</b>	<b>293</b>	<b>308</b>	<b>331</b>
Recurring Net Profit	985	2,854	293	308	331
<b>Fully Diluted Recurring Net Profit</b>	<b>985</b>	<b>2,854</b>	<b>293</b>	<b>308</b>	<b>331</b>

### Cash Flow

(RMm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
<b>EBITDA</b>	<b>1,505</b>	<b>3,843</b>	<b>551</b>	<b>540</b>	<b>594</b>
Cash Flow from Inv. & Assoc.					
Change In Working Capital	(283)	0	(107)	(19)	(80)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	190	(1,248)	0	0	0
Net Interest (Paid)/Received	0	20	16	15	13
Tax Paid	(267)	(601)	(117)	(88)	(94)
<b>Cashflow From Operations</b>	<b>1,146</b>	<b>2,014</b>	<b>344</b>	<b>448</b>	<b>433</b>
Capex	(175)	(214)	(500)	(500)	(500)
Disposals Of FAs/subsidiaries	147	0	0	0	0
Acq. Of Subsidiaries/investments	(4)	(4)	0	0	0
Other Investing Cashflow	148	0	0	0	0
<b>Cash Flow From Investing</b>	<b>117</b>	<b>(218)</b>	<b>(500)</b>	<b>(500)</b>	<b>(500)</b>
Debt Raised/(repaid)	(14)	3	0	0	0
Proceeds From Issue Of Shares	0	0	0	0	0
Shares Repurchased	0	0	0	0	0
Dividends Paid	(154)	(318)	(117)	(123)	(133)
Preferred Dividends					
Other Financing Cashflow	(24)	(13)	0	0	0
<b>Cash Flow From Financing</b>	<b>(191)</b>	<b>(328)</b>	<b>(117)</b>	<b>(123)</b>	<b>(133)</b>
Total Cash Generated	1,072	1,468	(273)	(175)	(199)
<b>Free Cashflow To Equity</b>	<b>1,249</b>	<b>1,799</b>	<b>(156)</b>	<b>(52)</b>	<b>(67)</b>
<b>Free Cashflow To Firm</b>	<b>1,272</b>	<b>1,802</b>	<b>(152)</b>	<b>(48)</b>	<b>(63)</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## BY THE NUMBERS... cont'd

### Balance Sheet

(RMm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Total Cash And Equivalents	1,090	2,557	2,284	2,109	1,910
Total Debtors	617	543	568	579	638
Inventories	440	424	648	671	738
Total Other Current Assets	89	31	31	31	31
<b>Total Current Assets</b>	<b>2,235</b>	<b>3,556</b>	<b>3,531</b>	<b>3,390</b>	<b>3,317</b>
Fixed Assets	1,274	1,373	1,721	2,065	2,385
Total Investments	0	0	0	0	0
Intangible Assets	5	5	5	5	5
Total Other Non-Current Assets	119	115	115	115	115
<b>Total Non-current Assets</b>	<b>1,398</b>	<b>1,494</b>	<b>1,841</b>	<b>2,185</b>	<b>2,505</b>
Short-term Debt	448	130	130	130	130
Current Portion of Long-Term Debt					
Total Creditors	298	298	440	455	501
Other Current Liabilities	239	381	381	381	381
<b>Total Current Liabilities</b>	<b>985</b>	<b>809</b>	<b>951</b>	<b>966</b>	<b>1,012</b>
Total Long-term Debt	224	44	44	44	44
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	11	10	10	10	10
<b>Total Non-current Liabilities</b>	<b>235</b>	<b>53</b>	<b>53</b>	<b>53</b>	<b>53</b>
Total Provisions	0	128	128	128	128
<b>Total Liabilities</b>	<b>1,221</b>	<b>990</b>	<b>1,132</b>	<b>1,148</b>	<b>1,193</b>
Shareholders' Equity	2,399	4,032	4,207	4,392	4,591
Minority Interests	28	28	33	36	38
<b>Total Equity</b>	<b>2,427</b>	<b>4,059</b>	<b>4,240</b>	<b>4,428</b>	<b>4,629</b>

### Key Ratios

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue Growth	64.1%	83.0%	(49.7%)	2.1%	10.1%
Operating EBITDA Growth	298%	155%	(86%)	(2%)	10%
Operating EBITDA Margin	41.4%	57.7%	16.5%	15.8%	15.8%
Net Cash Per Share (RM)	0.16	0.93	0.82	0.75	0.67
BVPS (RM)	0.94	1.58	1.64	1.72	1.79
Gross Interest Cover	93.3	616.1	102.8	99.1	107.0
Effective Tax Rate	25.1%	23.8%	28.1%	22.0%	22.0%
Net Dividend Payout Ratio	34.6%	43.0%	40.0%	40.0%	40.0%
Accounts Receivables Days	51.92	31.81	60.57	61.26	59.23
Inventory Days	91.6	66.8	87.3	103.8	101.0
Accounts Payables Days	66.33	46.13	60.03	70.39	68.50
ROIC (%)	54%	139%	16%	13%	12%
ROCE (%)	54%	100%	9%	9%	9%
Return On Average Assets	34.8%	65.4%	5.5%	5.5%	5.7%

### Key Drivers

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Kossan's total production capacity (mn)	32,000.0	35,500.0	38,500.0	43,000.0	47,500.0
Nitrile gloves (USD)	31.8	72.0	26.6	26.0	26.0
Latex gloves (USD)	30.4	47.5	25.3	24.7	24.7
USD/MYR exchange rate	4.2	4.1	4.2	4.2	4.2
Total utilisation rate (%) of existing capacity	95.0%	81.0%	79.0%	76.0%	75.0%
Total utilisation rate (%) of new capacity	35.0%	10.0%	15.0%	10.0%	10.0%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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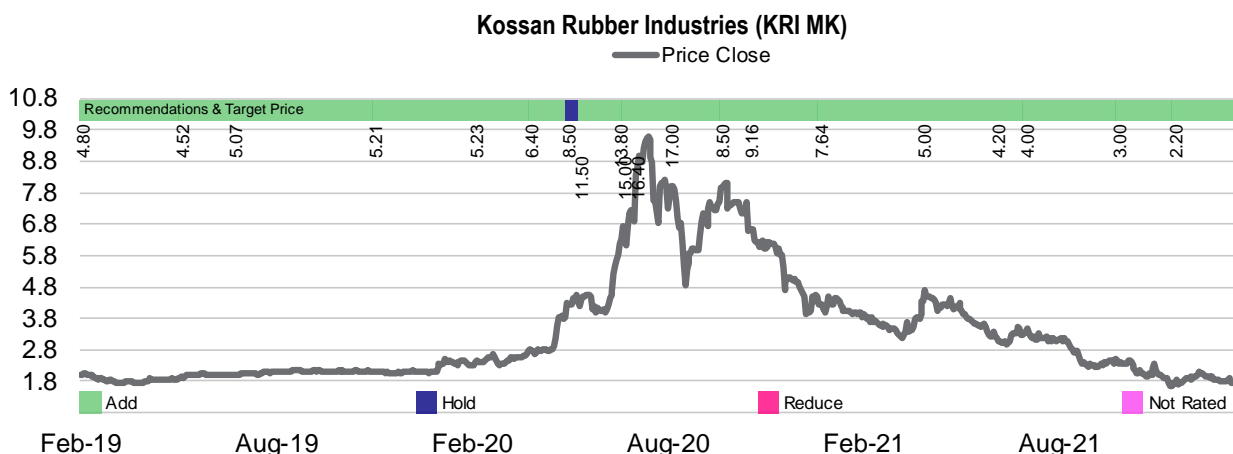
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Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2021		
619 companies under coverage for quarter ended on 31 December 2021		
	Rating Distribution (%)	Investment Banking clients (%)
Add	71.1%	1.5%
Hold	21.8%	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.

