

## Malaysia

**REDUCE** (previously ADD)

Consensus ratings\*: Buy 2 Hold 1 Sell 2

Current price:	RM1.12
Target price:	RM0.932
Previous target:	RM1.57
Up/downside:	-16.8%
CGS-CIMB / Consensus:	-26.6%
Reuters:	MSMH.KL
Bloomberg:	MSM MK
Market cap:	US\$188.1m
	RM787.3m
Average daily turnover:	US\$0.61m
	RM2.58m
Current shares o/s:	703.0m
Free float:	26.2%

\*Source: Bloomberg

**Key changes in this note**

- ▶ We lower our FY22F-23F core EPS forecasts by 47-53% as we pencil in higher refining costs and lower export volumes.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-3.5	-26.8	94.8
Relative (%)	-6.8	-30.1	94.4

**Major shareholders**

	% held
Felda Global Ventures	51.0
Koperasi Permodalan Felda	15.3
Amanah Raya Trustee Berhad	7.5

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# MSM Malaysia Holdings

## Not spared by the rising cost environment

- MSM's 4Q21 core net profit was below expectations due to weaker-than-expected sales volumes and higher refining costs.
- We forecast MSM to continue to be burdened by the higher refining costs (higher gas costs) as well as higher raw sugar costs going into 1H22F.
- We downgrade from Add to Reduce due to concerns over rising costs and longer time needed to turn around its Johor sugar refinery.

### Second consecutive quarterly loss led to a disappointing FY21

MSM Malaysia Holdings (MSM) posted a core net loss of RM2m in 4Q21 (second consecutive quarter of core net losses), which effectively dragged down its FY21 core net profit further to RM26m (vs. core net profit of RM6m in FY20). Its FY21 core net profit accounted for 48%/26% of our/consensus full-year forecasts, below expectations as a result of lower export and domestic volumes as well as higher refining costs.

### What caused the difference between net profits and core net profits

MSM's reported net loss from continuing operations of RM16m for 4Q21 was higher than its core net loss, due mainly to i) RM6m provisioning of inventory, affected by the flash floods during 18-19 Dec 2021, ii) RM19m provisioning for the net realisable value of its sugar inventory and onerous contracts (arising from higher-than-expected selling costs), partially offset by iii) a net reversal of impairment of assets of RM8m.

### Double whammy of weaker sales volumes and higher refining costs

MSM's 4Q21 core net loss of RM2m vs. a core net profit of RM48m in 4Q20 was due mainly to i) lower sales volumes as its domestic industrial segment was affected by slower-than-expected recovery post the movement restrictions in 3Q21 and ii) weaker export sales volumes as its MSM Johor refinery is still undergoing optimisation efforts. This effectively reduced the group's utilisation factor for the quarter to 49% vs. 58% in 4Q20. The group's export/industrial sales volumes were down by 29%/11% yoy in 4Q21. This was aggravated by higher refining costs (+29% yoy) owing to rising freight costs and higher gas cost from the increased crude oil prices. We gathered during MSM's results briefing that its refining costs would remain high in 1Q22F.

### Downgrade amid rising costs and delayed turnaround plans

We lower our FY22-23F core EPS forecasts to reflect higher refining costs, as well as lower export volumes. We reduce our P/NTA multiple to 0.6x from 1.0x previously (in line with 1 s.d. below its 5-year mean), to reflect our concerns over rising raw material costs and refining costs, as well as the longer-than-expected period to optimise and turn around its Johor refinery. Our TP is reduced to RM0.93, in line with the lower P/NTA multiple, to reflect the concerns above. With the reduction of its TP, we downgrade MSM to Reduce, as we believe MSM will continue to face yoy margin compression in 1H22F amid higher raw sugar and freight costs as well as higher refining costs. Upside risks include new export contracts and collaborative partnerships.

**Financial Summary**

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue (RMm)	2,184	2,260	2,761	2,864	2,919
Operating EBITDA (RMm)	155.1	208.4	187.3	221.5	257.8
Net Profit (RMm)	3.9	125.4	43.2	77.5	107.4
Core EPS (RM)	0.12	0.04	0.06	0.11	0.15
Core EPS Growth		(67.6%)	64.4%	79.7%	38.6%
FD Core P/E (x)	9.71	29.99	18.25	10.15	7.33
DPS (RM)	-	0.026	0.031	0.055	0.076
Dividend Yield	0.00%	2.33%	2.74%	4.92%	6.82%
EV/EBITDA (x)	9.74	6.65	7.90	6.40	5.09
P/FCFE (x)	32.00	NA	NA	15.54	7.13
Net Gearing	45.8%	34.9%	42.7%	38.0%	30.6%
P/BV (x)	0.50	0.46	0.49	0.47	0.46
ROE	5.01%	1.59%	2.59%	4.73%	6.37%
% Change In Core EPS Estimates			(53.7%)	(46.8%)	
CGS-CIMB/Consensus EPS (x)			0.45	0.64	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## Not spared by the rising cost environment

### Other takeaways from MSM's briefing ►

- In 4Q21, MSM was impacted by the flash floods in 18-19 Dec 2021 in its Kota Kemuning warehouse, which it estimated amounted to an inventory loss of RM6m. The group has already provided for this in 4Q21 and has initiated insurance claims for the inventory loss.
- MSM now estimates its Johor refinery to hit a utilisation factor (UF) of 40% in FY22F, which is lower than its previously estimated 50% UF in 1H22. We gather that the group faced delays in its optimisation plans and will reach its 40% UF target only in 2H22F, with the UF increasing to 50-60% in FY23F.
- On the export front, MSM is targeting export sales volumes of 350-400k tonnes in FY22F, a 48-70% yoy increase vs. FY21 export sales volumes.
- On the domestic front, the group expects c.5-8% growth in demand for FY22F owing to economic recovery, higher socio-economic activities as well as improved distribution and marketing efforts.
- MSM has locked in 76% of its domestic wholesale raw sugar requirements at US\$0.165-0.17/lbs for FY22F. This is higher than its FY21 domestic wholesale cost of US\$0.13-14/lbs for raw sugar and also higher than the group blended cost of US\$0.15 for raw sugar for FY21. MSM shared that it expects market raw sugar price to trend downwards amid recovery in crop outlooks in Brazil, Thailand and India.

Key re-rating catalysts include the equity placements to collaborative partners and new export contract wins. Downside risks include a longer-than-expected ramp-up of its Johor utilisation, unfavourable forex movements, low export premiums and low sales volumes.

### Key charts ►

Figure 1: Results comparison

FYE Dec (RM m)	4Q		yoy %		4QFY21		4QFY20		yoy %		Prev. Comments
	FY21	FY20	chg	chg	cum	cum	chg	FY21F			
Revenue	642	630	2	17	2,260	2,184	3	2,271	Higher ASPs and higher domestic volumes		
Operating costs	(606)	(539)	12	20	(2,062)	(2,019)	2	(2,083)			
EBITDA	36	91	(61)	(21)	198	166	19	187	Stronger EBITDA driven by higher ASPs and stronger domestic volumes		
EBITDA margin (%)	6	14	(62)	(33)	9	8	15	8	Higher due to higher ASPs and improved procurement and refining costs		
Deprn & amort.	(20)	(21)	(4)	0	(83)	(86)	(4)	(80)	Broadly in line		
EBIT	15	70	(78)	(38)	115	80	45	107	Stronger profits from higher ASPs and higher domestic volumes		
Interest expense	(8)	4	nm	(62)	(47)	(36)	32	(39)	Higher interest expense due to loan modification costs		
Interest & invt inc	1	1	(23)	99	3	4	(33)	4	Lower interest income in line with lower deposit rates		
Exceptionals	(15)	(2)	(>100)	nm	10	(87)	nm	0	Mainly relating to provisions, reversal of impairments and raw sugar gains		
<b>Pretax profit</b>	<b>(6)</b>	<b>73</b>	nm	nm	<b>81</b>	<b>(39)</b>	nm	<b>73</b>	<b>Profits from higher ASPs, domestic volumes and one off gains</b>		
Tax	(10)	(17)	(39)	(20)	(44)	(32)	39	(17)	Higher tax rate as tax expense relates to profit from its Prai sugar refinery		
Tax rate (%)	(177)	23	nm	nm	55	(82)	nm	24			
<b>Net profit</b>	<b>(16)</b>	<b>56</b>	nm	nm	<b>37</b>	<b>(71)</b>	nm	<b>55</b>	<b>Profits from higher ASPs, domestic volumes and one off gains</b>		
<b>Core net profit</b>	<b>(2)</b>	<b>48</b>	nm	(78)	<b>26</b>	<b>6</b>	>100	<b>55</b>	<b>Below at 48% of full year forecasts, due to 4Q losses owing to higher refining costs and weak domestic volumes</b>		
<b>Core net profit*</b>	<b>(2)</b>	<b>48</b>	nm	nm	<b>115</b>	<b>6</b>	>100	<b>55</b>	<b>higher refining costs and weak domestic volumes</b>		
EPS (sen)	(2)	8	nm	nm	5	(10)	nm	21			
Core EPS (sen)	(0)	7	nm	(78)	4	1	>100	8			

\*Results excludes discontinued operations  
SOURCE: CGS-CIMB RESEARCH, COMPANY

**Figure 2: Breakdown of sugar revenue, volumes and ASPs by segment (excluding molasses)**

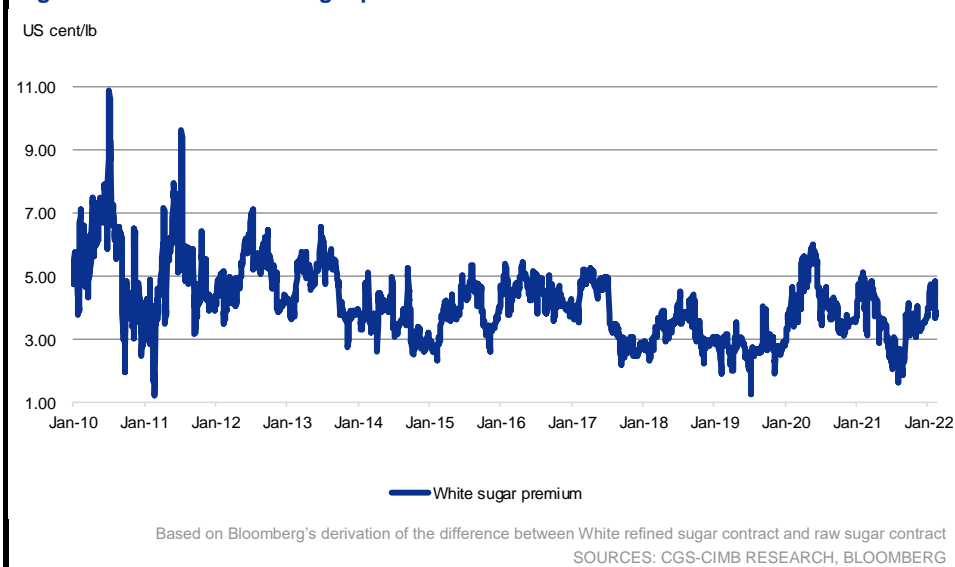
FYE Dec	4Q	4Q	yoy%	qoq%	4QFY21	4QFY20	yoy%
Sales revenue (RM m)	FY21	FY20	chg	chg	cum	cum	chg
Domestic	219	198	11	(12)	842	742	13
Industries	235	272	(14)	7	894	962	(7)
Export	173	155	12	>100	482	467	3
<b>Total</b>	<b>627</b>	<b>625</b>	<b>0</b>	<b>13</b>	<b>2,218</b>	<b>2,171</b>	<b>2</b>
<b>Sales volume ('000 tonnes)</b>							
Domestic	83	79	5	(17)	328	296	11
Industries	90	126	(29)	(3)	368	459	(20)
Export	78	88	(11)	86	236	271	(13)
<b>Total</b>	<b>251</b>	<b>293</b>	<b>(14)</b>	<b>7</b>	<b>932</b>	<b>1,026</b>	<b>(9)</b>
<b>Average selling prices (RM per tonne)</b>							
Domestic	2,639	2,506	5	6	2,567	2,507	2
Industries	2,611	2,159	21	10	2,429	2,096	16
Export	2,218	1,761	26	12	2,042	1,723	19
<b>Total</b>	<b>2,498</b>	<b>2,133</b>	<b>17</b>	<b>6</b>	<b>2,380</b>	<b>2,116</b>	<b>12</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 3: Quarterly profit before tax per tonne trend**



**Figure 4: Historical white sugar premium**



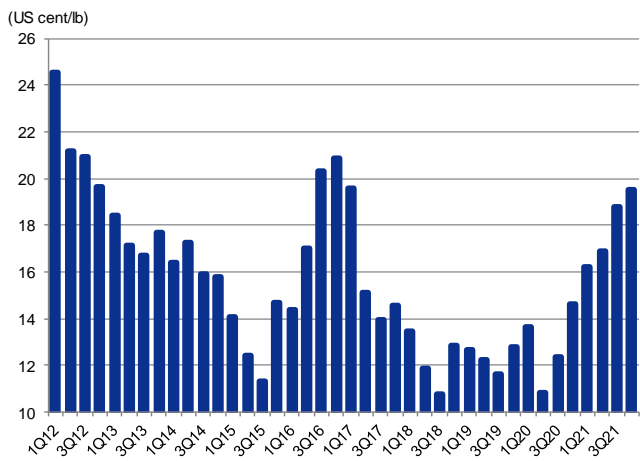
**Figure 5: Historical raw sugar futures**



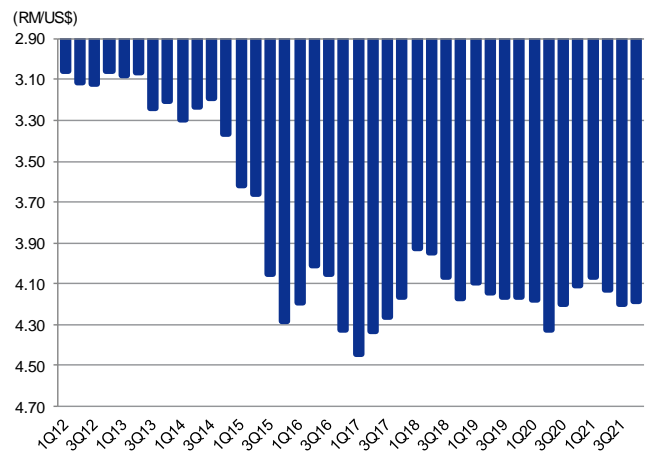
**Figure 6: RM/US\$ trend since 2011**



**Figure 7: Historical quarterly raw sugar futures (US cents/lb)**



**Figure 8: Quarterly average RM/US\$ trend since 2012**



**Figure 9: Earnings revision**

FYE Dec (RM m)	2021A	2022F			2023F			2024F		
		Old	New	chg	Old	New	chg	Old	New	chg
Revenue	2,260	2,980	2,761	(7%)	3,023	2,864	(5%)	2,919	2,919	0%
EBITDA	208	238	187	(21%)	311	221	(29%)	258	258	0%
Core pretax profit	58	123	72	(41%)	192	102	(47%)	141	141	0%
Core net profit	26	93	43	(54%)	146	78	(47%)	107	107	0%

SOURCES: CGS-CIMB RESEARCH, BLOOMBERG, COMPANY REPORTS

**Figure 10: Price to net tangible assets (P/NTA) valuation**

P/NTA valuation	
Net tangible assets as at 31 Dec 2021 (RM m)	1,091.8
P/NTA target multiple (x)	0.6
<b>Market cap (RM m)</b>	<b>655.1</b>
No of shares (m)	703.0
<b>Target price (RM)</b>	<b>0.93</b>

SOURCES: CGS-CIMB RESEARCH, BLOOMBERG, COMPANY REPORTS

We update our balance sheet items to reflect the latest net tangible assets. We reduce our P/NTA multiple to 0.6x from 1.0x previously (in line with 1 s.d. below its 5-year mean P/NTA of 1.3x), to reflect our concerns over rising sugar costs and refining costs, as well as a longer-than-expected period to optimise its Johor refinery and hence, to raise the utilisation factor for this refinery. Our TP reduces to RM0.93, in line with the lower P/NTA multiple, to reflect the concerns above. In line with the reduction of its TP, we downgrade MSM to Reduce, as we believe MSM will continue to face margin compression in 1H22F amid higher raw sugar prices as well as higher refining costs from gas prices.

**Figure 11: MSM's historical price to net tangible assets (P/NTA) bands**





## ESG in a nutshell

We believe MSM is making encouraging efforts to rectify potential ESG risks. We gather that c.40-50% of its refining cost is energy and operations require high consumption of diesel and natural gas, which leads to high levels of greenhouse gas (GHG) emissions. Hence, we are positive on MSM efforts as it is currently in the process of submitting its 2-year target commitment to achieve net zero based on the United Nations (UN) Global Science-Based Emission Reduction Targets.

### Keep your eye on

In Sep 2020, MSM's previous CEO was placed on a leave of absence over irregularities relating to inventory at MSM's Johor refinery. This eventually led to his dismissal after the company's board found his clarification about the irregularities unacceptable.

### Implications

We believe this news shed a negative light on past governance/management of MSM. This was the second time in recent years that MSM had issues with its CEO, with the previous incidence in Jan 2018. We opine that this will pose lingering governance risks. We have not reflected this in our forecasts at this juncture. MSM hired Mr. Syed Feizal as its new CEO effective 1 Feb 2021.

### ESG highlights

Based on FTSE Russell's ranking of companies assessed in the FBM EMAS index, MSM ranks in the bottom 25 percentile.

### Implications

We believe MSM scored poorly in environmental issues given that its businesses are heavily reliant on the consumption of energy, such as natural gas and diesel, which leads to GHG emissions. We opine that water security could have been a potential contributor to its weak score as well as the vast amounts of water used in the operations.

We believe MSM could trend higher in this ranking given its huge step-up in terms of transparency of its ESG commitments. MSM is currently making efforts to move towards a net zero carbon footprint through rechanneling the carbon emissions from its natural gas boilers into its sugar refineries to be used for carbonation. This should allow for less purchasing of energy from external sources (Tenaga Nasional currently).

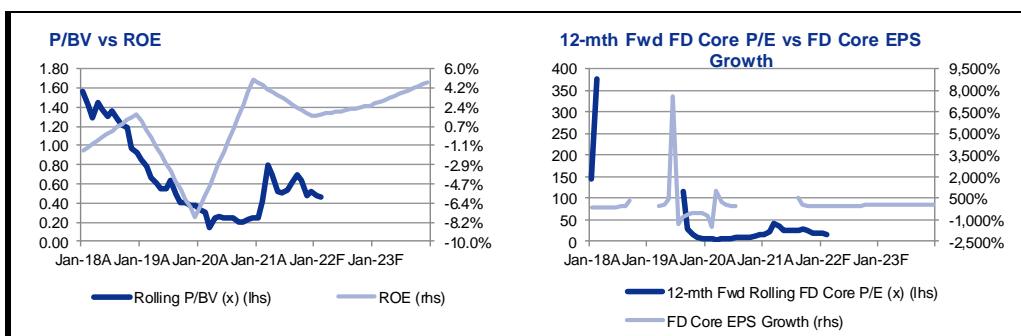
### Trends

We believe a key trend to watch out for will be supply chain traceability given the rising importance given to sustainable labour practices in plantations.

### Implications

MSM sources its raw sugar mainly from sugarcane plantations in Brazil and Thailand. Based on its 2020 annual report, MSM does not have any traceability or supply chain tracing measures in place to ensure the environmentally sustainable supply of raw sugar. We believe this could pose ESG risks for MSM in the longer term, as is the case in the palm oil industry, where the traceability of supply chain is heavily scrutinised. We have yet to factor this into our forecasts and will continue to monitor its traceability efforts.

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>2,184</b>	<b>2,260</b>	<b>2,761</b>	<b>2,864</b>	<b>2,919</b>
<b>Gross Profit</b>	<b>168</b>	<b>161</b>	<b>214</b>	<b>253</b>	<b>295</b>
<b>Operating EBITDA</b>	<b>155</b>	<b>208</b>	<b>187</b>	<b>221</b>	<b>258</b>
Depreciation And Amortisation	-86	-83	-80	-80	-80
<b>Operating EBIT</b>	<b>69</b>	<b>126</b>	<b>107</b>	<b>141</b>	<b>178</b>
Financial Income/(Expense)	-33	-44	-35	-39	-36
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>36</b>	<b>81</b>	<b>72</b>	<b>102</b>	<b>141</b>
Exceptional Items	0	0	0	0	0
<b>Pre-tax Profit</b>	<b>36</b>	<b>81</b>	<b>72</b>	<b>102</b>	<b>141</b>
Taxation	-32	-44	-29	-24	-34
Exceptional Income - post-tax		89			
<b>Profit After Tax</b>	<b>4</b>	<b>125</b>	<b>43</b>	<b>78</b>	<b>107</b>
Minority Interests	0	0	0	0	0
Preferred Dividends	0	0	0	0	0
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>4</b>	<b>125</b>	<b>43</b>	<b>78</b>	<b>107</b>
Recurring Net Profit	81	26	43	78	107
<b>Fully Diluted Recurring Net Profit</b>	<b>81</b>	<b>26</b>	<b>43</b>	<b>78</b>	<b>107</b>

**Cash Flow**

(RMm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
<b>EBITDA</b>	<b>155.1</b>	<b>208.4</b>	<b>187.3</b>	<b>221.5</b>	<b>257.8</b>
Cash Flow from Inv. & Assoc.					
Change In Working Capital	104.7	(94.6)	(61.1)	(31.9)	(2.0)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	73.5	0.0	0.0	0.0	0.0
Other Operating Cashflow	(58.0)	(19.5)	0.0	0.0	0.0
Net Interest (Paid)/Received	(47.0)	(35.9)	(35.4)	(39.4)	(36.4)
Tax Paid	(34.4)	(30.5)	(28.8)	(24.5)	(33.9)
<b>Cashflow From Operations</b>	<b>193.9</b>	<b>27.9</b>	<b>62.0</b>	<b>125.7</b>	<b>185.5</b>
Capex	(22.3)	(35.8)	(25.0)	(25.0)	(25.0)
Disposals Of FAs/subsidiaries	0.0	175.9	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	0.0	0.0	0.0	0.0	0.0
Other Investing Cashflow	1.2	0.0	0.0	0.0	0.0
<b>Cash Flow From Investing</b>	<b>(21.1)</b>	<b>140.1</b>	<b>(25.0)</b>	<b>(25.0)</b>	<b>(25.0)</b>
Debt Raised/(repaid)	(148.2)	(170.4)	(50.0)	(50.0)	(50.0)
Proceeds From Issue Of Shares	0.0	0.0	0.0	0.0	0.0
Shares Repurchased	0.0	0.0	0.0	0.0	0.0
Dividends Paid	0.0		(21.6)	(38.8)	(53.7)
Preferred Dividends					
Other Financing Cashflow	1.6	(2.2)	0.0	0.0	0.0
<b>Cash Flow From Financing</b>	<b>(146.6)</b>	<b>(172.6)</b>	<b>(71.6)</b>	<b>(88.8)</b>	<b>(103.7)</b>
Total Cash Generated	26.2	(4.5)	(34.6)	11.9	56.8
<b>Free Cashflow To Equity</b>	<b>24.6</b>	<b>(2.4)</b>	<b>(13.0)</b>	<b>50.7</b>	<b>110.5</b>
<b>Free Cashflow To Firm</b>	<b>223.7</b>	<b>206.5</b>	<b>77.4</b>	<b>146.1</b>	<b>202.9</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	196	195	127	139	195
Total Debtors	228	307	288	298	304
Inventories	274	421	370	396	397
Total Other Current Assets	10	3	10	10	10
<b>Total Current Assets</b>	<b>708</b>	<b>926</b>	<b>794</b>	<b>842</b>	<b>906</b>
Fixed Assets	1,255	1,222	1,145	1,090	1,035
Total Investments	182	128	182	182	182
Intangible Assets	625	576	625	625	625
Total Other Non-Current Assets	0	19	0	0	0
<b>Total Non-current Assets</b>	<b>2,063</b>	<b>1,945</b>	<b>1,953</b>	<b>1,898</b>	<b>1,843</b>
Short-term Debt	401	429	401	401	401
Current Portion of Long-Term Debt					
Total Creditors	208	318	245	249	254
Other Current Liabilities	0	0	0	0	0
<b>Total Current Liabilities</b>	<b>609</b>	<b>747</b>	<b>646</b>	<b>650</b>	<b>655</b>
Total Long-term Debt	519	364	419	369	319
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	14	7	14	14	14
<b>Total Non-current Liabilities</b>	<b>533</b>	<b>371</b>	<b>433</b>	<b>383</b>	<b>333</b>
Total Provisions	47	40	47	47	47
<b>Total Liabilities</b>	<b>1,189</b>	<b>1,158</b>	<b>1,125</b>	<b>1,080</b>	<b>1,035</b>
Shareholders' Equity	1,582	1,713	1,621	1,660	1,714
Minority Interests	0	0	0	0	0
<b>Total Equity</b>	<b>1,582</b>	<b>1,713</b>	<b>1,621</b>	<b>1,660</b>	<b>1,714</b>

### Key Ratios

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue Growth	8.8%	3.4%	22.2%	3.7%	1.9%
Operating EBITDA Growth	N/A	34.4%	(10.1%)	18.3%	16.4%
Operating EBITDA Margin	7.10%	9.22%	6.78%	7.73%	8.83%
Net Cash Per Share (RM)	-1.03	-0.85	-0.99	-0.90	-0.75
BVPS (RM)	2.25	2.44	2.31	2.36	2.44
Gross Interest Cover	1.87	2.67	2.66	3.11	4.19
Effective Tax Rate	89.2%	54.9%	40.0%	24.0%	24.0%
Net Dividend Payout Ratio	NA	50.0%	50.0%	50.0%	50.0%
Accounts Receivables Days	43.35	39.14	36.00	37.27	37.71
Inventory Days	53.87	60.48	56.68	53.53	55.31
Accounts Payables Days	26.07	39.87	35.47	27.42	28.04
ROIC (%)	2.92%	5.75%	4.81%	6.45%	8.19%
ROCE (%)	2.73%	5.03%	4.46%	5.94%	7.42%
Return On Average Assets	1.28%	2.87%	2.80%	4.26%	5.24%

### Key Drivers

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Blended ASP growth (%)	0.9%	4.0%	2.0%	2.0%	2.0%
Domestic sales volume growth (%)	-12.7%	-7.8%	5.0%	2.5%	2.5%
Export sales volume growth (%)	10.0%	10.0%	20.0%	5.0%	5.0%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS



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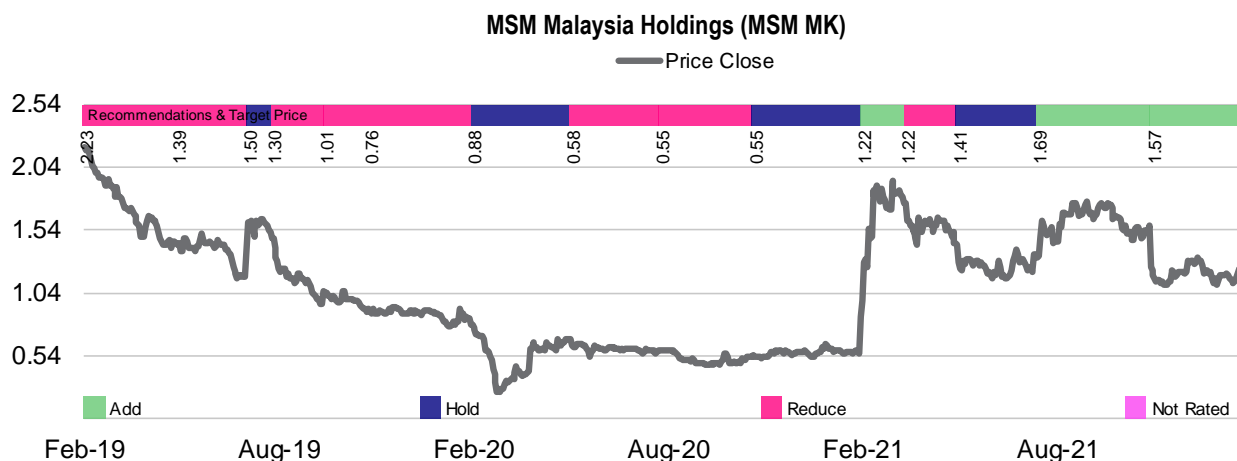
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Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2021		
619 companies under coverage for quarter ended on 31 December 2021		
	Rating Distribution (%)	Investment Banking clients (%)
Add	71.1%	1.5%
Hold	21.8%	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, **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	
<b>Stock Ratings</b>	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>	
<b>Sector Ratings</b>	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.
<b>Country Ratings</b>	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.

