

Singapore

ADD (no change)

Consensus ratings*: Buy 6 Hold 0 Sell 0

| | |
|-------------------------|------------|
| Current price: | S\$0.575 |
| Target price: | S\$0.785 |
| Previous target: | S\$0.835 |
| Up/downside: | 36.5% |
| CGS-CIMB / Consensus: | -2.2% |
| Reuters: | QMDT.SI |
| Bloomberg: | QNM SP |
| Market cap: | US\$402.4m |
| | S\$540.2m |
| Average daily turnover: | US\$1.20m |
| | S\$1.63m |
| Current shares o/s: | 787.3m |
| Free float: | 31.3% |

*Source: Bloomberg

Key changes in this note

- Reduced FY21F EPS by 4%.
- Reduced FY22F EPS by 7%.
- Increased FY23F EPS by 5%.



Source: Bloomberg

| Price performance | 1M | 3M | 12M |
|-------------------|-------|------|------|
| Absolute (%) | -5.7 | 3.6 | 32.7 |
| Relative (%) | -12.4 | -1.8 | 16.2 |

| Major shareholders | % held |
|----------------------------|--------|
| Quan Min Group | 59.0 |
| Heritas Helios Investments | 8.1 |
| Ng Chin Siau | 1.5 |

Analyst(s)

TAY Wee Kuang

T (65) 6210 8604

E weekuang.tay@cgs-cimb.com

Kenneth TAN

T (65) 6210 8678

E kenneth.tan@cgs-cimb.com

Q&M Dental Group

4Q21F preview: peek at new baseline

- We believe 4Q21F profit was helped by seasonally stronger dental core business momentum, offset by normalisation of Covid-19 testing contribution.
- Re-rating catalysts: increased scope and commercialisation of services from Acumen Diagnostics; downside risk: reduction in Covid-19 testing intensity.
- Reiterate Add call with a lower TP of S\$0.785 as we roll over our P/E valuation to peg to 22x FY23F EPS of 3.58 Scts.

Earnings growth momentum likely eased in 4Q21F

We revise earnings for FY21F/22F downwards by 4%/7% and FY23F upwards by 5% as revenue and margins from Polymerase Chain Reaction (PCR) testing for Covid-19 normalise. We now forecast a swifter decline in testing contribution in FY22F to 60% compared with 40% previously but expect it to be stable going into FY23F. Our revised 4Q21F net profit of c.S\$7.4m (+45% yoy, -22% qoq) is a combination of a seasonally stronger dental core business, alongside normalised contribution from PCR testing services. The latter is due to the government's shift to self-testing for Covid-19 during the fourth quarter. Daily PCR tests conducted during 4Q21 fell to 28.6k/day from 66.4k/day in the third quarter (Fig. 1).

Dental core business underpins long-term growth

In FY21, QNM opened 17 and 4 dental clinics in Singapore and Malaysia, respectively. Although shy of its annual target of 20/10 new dental clinics in each country over the next 10 years, the number of clinic openings tracks well with our forecast 20 clinic openings across the two countries. QNM sees growing contribution from both maturing and new dental clinics supporting double-digit growth in dental core revenues that could translate into higher profits given gestation periods of approx. a year for new dental clinics.

Testing contributions to wane but could eventually stabilise

The number of daily PCR tests has continued to slide to 18.4k/day YTD. However, we expect contributions from Covid-19 testing services to stabilise moving forward as it continues to be an essential healthcare service in a post-pandemic society. QNM has also started to offer supervised ART testing services in its dental clinics, which could benefit from higher volumes as society reopens. Our revised estimates account for a c.60% decline in revenue contribution from Covid-19 testing from an estimated FY21F contribution of c.S\$36m to c.S\$13.5m for both FY22F/23F.

Reiterate Add on lower TP of S\$0.785; valuation remains attractive

We roll forward our P/E valuation to FY23F and continue to peg our TP to 22x forward P/E to account for a size discount vs. other listed healthcare peers with a dental service business. QNM is currently trading at an attractive valuation of 15.2x forward P/E, more than 1 s.d. below its 5-year historical average of 27.2x. Our estimated dividend of 1 Sct in 4Q21F will also bring FY21F dividend to 4 Scts, representing an attractive dividend yield of c.7% at the current price, which we believe will be sustainable moving forward.

Financial Summary

| | Dec-19A | Dec-20A | Dec-21F | Dec-22F | Dec-23F |
|--------------------------------|---------|---------|---------|---------|---------|
| Revenue (S\$m) | 128.0 | 137.6 | 207.2 | 222.6 | 230.7 |
| Operating EBITDA (S\$m) | 23.62 | 29.45 | 56.18 | 44.53 | 45.94 |
| Net Profit (S\$m) | 17.98 | 19.70 | 34.71 | 33.22 | 33.80 |
| Core EPS (S\$) | 0.011 | 0.015 | 0.032 | 0.035 | 0.036 |
| Core EPS Growth | (38%) | 44% | 107% | 10% | 2% |
| FD Core P/E (x) | 53.56 | 37.08 | 16.42 | 16.35 | 16.07 |
| DPS (S\$) | 0.028 | 0.034 | 0.040 | 0.030 | 0.030 |
| Dividend Yield | 4.90% | 5.91% | 6.96% | 5.22% | 5.22% |
| EV/EBITDA (x) | 20.58 | 14.95 | 9.76 | 12.39 | 12.02 |
| P/FCFE (x) | 18.94 | 8.04 | 14.63 | 19.35 | 17.25 |
| Net Gearing | 61.0% | 23.1% | 27.1% | 28.3% | 26.8% |
| P/BV (x) | 3.70 | 3.74 | 4.60 | 4.42 | 4.23 |
| ROE | 7.3% | 10.0% | 25.4% | 27.6% | 26.9% |
| % Change In Core EPS Estimates | | | (3.84%) | (7.27%) | 5.37% |
| CGS-CIMB/Consensus EPS (x) | | | 1.05 | 0.93 | 0.89 |

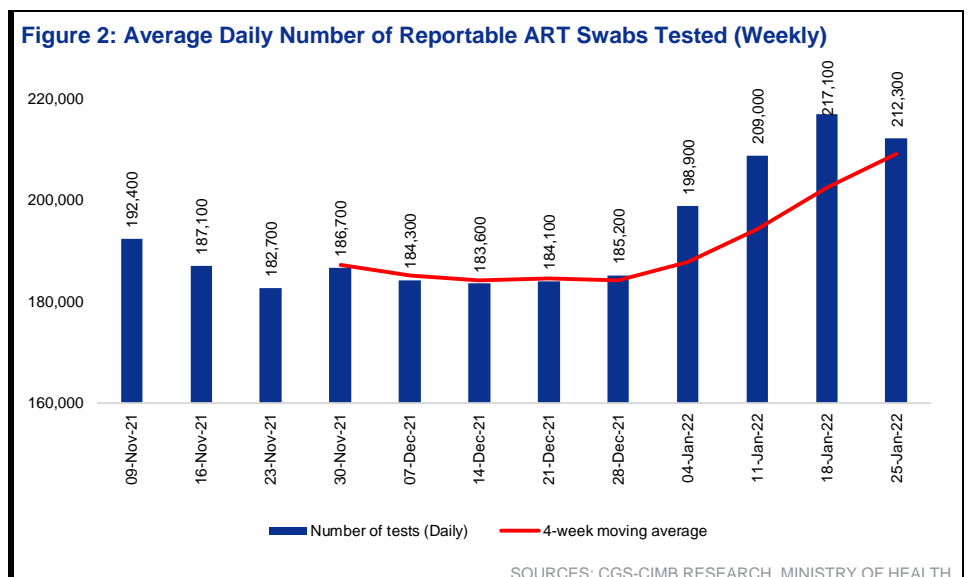
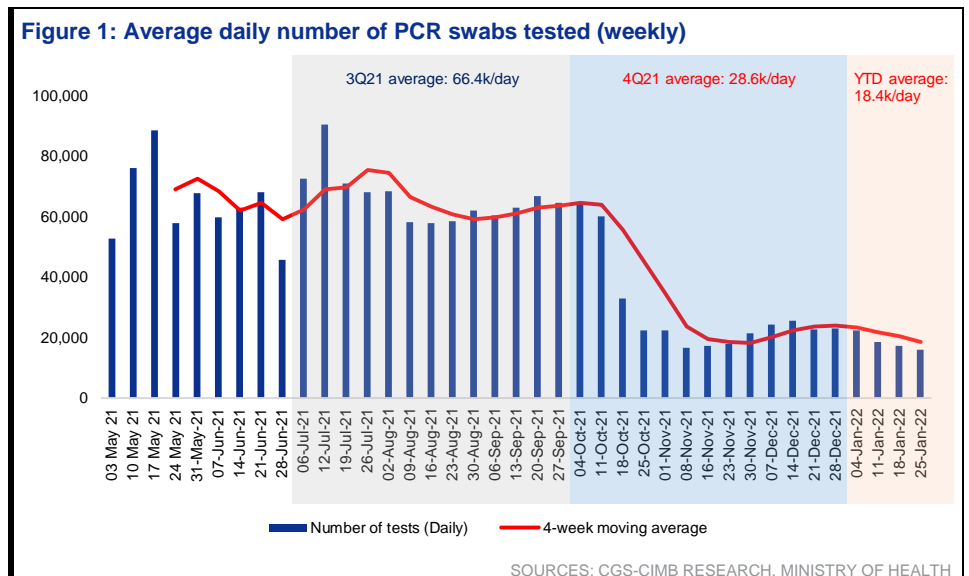
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

4Q21F preview: peek at new baseline

Testing numbers finding a new normal ➤

Testing intensity has been largely determined by the Singapore government's stance in tackling the Covid-19 pandemic. The shift towards self-testing during the fourth quarter of 2021 led to a sharp decline in PCR testing intensity, from 66.4k tests/day in the third quarter to 28.6k/day in the fourth quarter, even with the emergence of the Omicron variant towards the end of 2021.

However, we believe the impact on revenue contribution for PCR providers such as QNM could be less drastic due to the following reasons: (1) monitoring the virus spread within the populace, (2) provision of supervised Antigen Rapid Tests (ARTs) to replace dwindling PCR numbers, and (3) lesser scope for test pooling, while a baseline level of testing could be reached sooner rather than later as international borders resume pace of reopening past the Omicron surge.



Seasonally stronger dental core ➤

QNM typically sees its strongest dental core revenue in the fourth quarter, which has come in at between 26% and 32% of full year dental and medical clinics' revenue over the past five years. This is likely due to higher utilisation of corporate dental benefits amongst employees towards the end of the year. QNM was also able to achieve four consecutive years of revenue growth during the fourth quarter with a CAGR of 9% (Fig 3) despite relatively stable 4Q21 dental visits (Fig 4), suggesting a growing market share that is likely driven by its increasing number of dental clinics.

Figure 3: QNM historical dental core revenues in 4Q

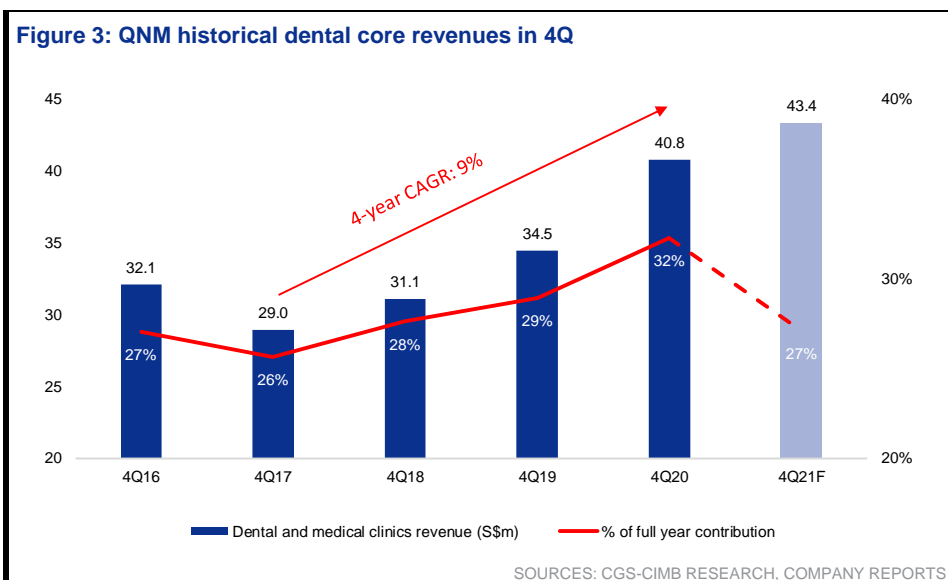


Figure 4: Singapore Dental Clinic Visits ('000s)

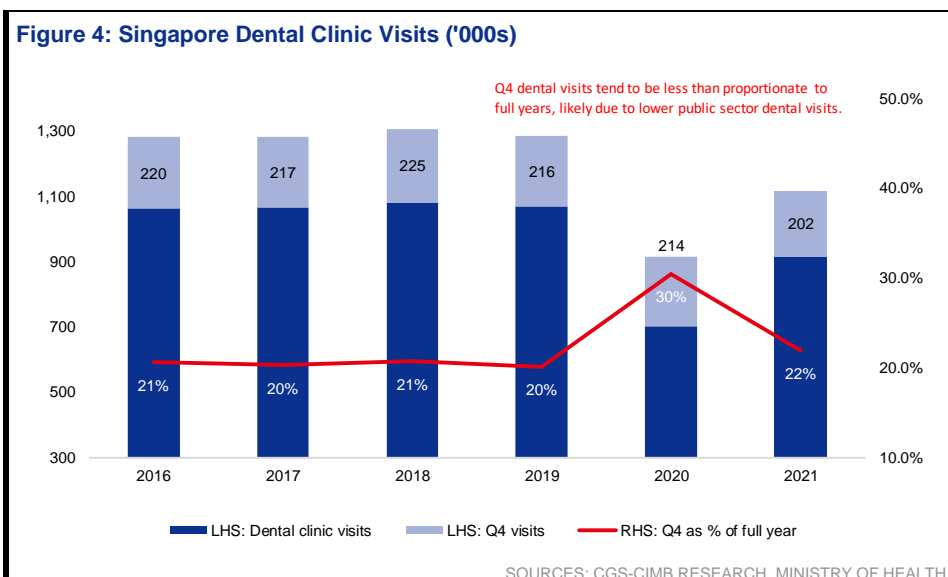
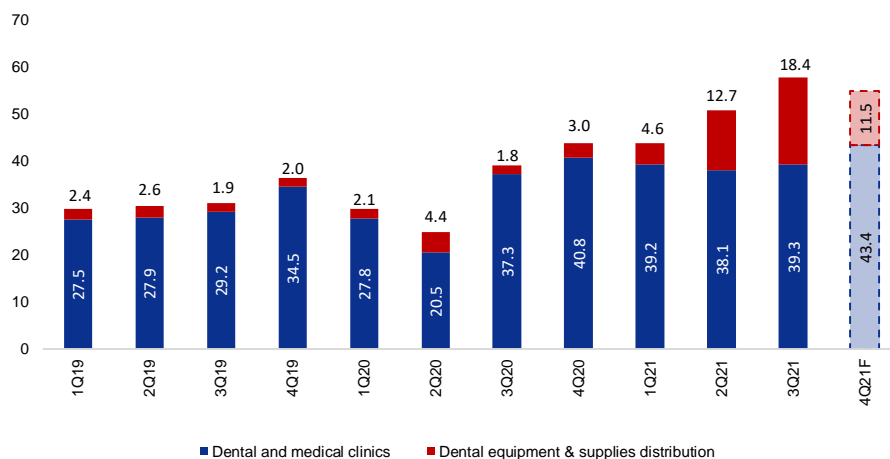


Figure 5: Earnings revision

| S\$m | New | | | Old | | | % change | | |
|-----------------|-------|-------|-------|-------|-------|-------|----------|-------|-------|
| | FY21F | FY22F | FY23F | FY21F | FY22F | FY23F | FY21F | FY22F | FY23F |
| Revenue | 207.2 | 222.6 | 230.7 | 207.2 | 230.7 | 225.3 | 0% | -4% | 2% |
| Gross profit | 73.7 | 73.4 | 76.0 | 76.1 | 77.8 | 73.5 | -3% | -6% | 3% |
| Net profit | 34.7 | 33.2 | 33.8 | 35.9 | 35.8 | 32.1 | -3% | -7% | 5% |
| Core net profit | 30.3 | 33.2 | 33.8 | 31.5 | 35.8 | 32.1 | -4% | -7% | 5% |
| Core EPS (Scts) | 3.2 | 3.5 | 3.6 | 3.3 | 3.8 | 3.4 | -4% | -7% | 5% |

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 6: Quarterly revenue trend (\$m)



*Dental equipment & supplies distribution includes Covid-19 test kits and laboratory services.

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 7: Q&M Dental Group 12-mth Fwd Rolling FD Core P/E (x)



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, BLOOMBERG

Figure 8: Q&M Dental Group 12-mth Fwd Rolling FD Core P/E (x)



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, BLOOMBERG

Figure 9: Peers Comparison (as of 10th Feb 2022)

| Company | Bloomberg Ticker | Recom. | Price (1cl curr) | Target Price (1cl curr) | Market Cap (US\$ m) | Core P/E (x) CY21F | Core P/E (x) CY22F | 2-year EPS CAGR (%) | P/BV (x) CY21F | Recurring ROE (%) CY21F | Dividend Yield (%) CY21F |
|--|------------------|-----------|------------------|-------------------------|---------------------|--------------------|--------------------|---------------------|----------------|-------------------------|--------------------------|
| Q&M Dental Group | QNM SP | Add | 0.575 | 0.785 | 402 | 17.9 | 16.4 | 52.4% | 4.60 | 25.5% | 7.0% |
| ASEAN hospitals/medical groups with dental services | | | | | | | | | | | |
| IHH Healthcare Bhd | IHH MK | Add | 6.50 | 8.30 | 13,669 | 37.4 | 36.4 | 34.9% | 2.30 | 7.1% | 1.1% |
| Raffles Medical Group | RFMD SP | Hold | 1.28 | 1.44 | 1,782 | 30.1 | 28.1 | 42.5% | 2.58 | 8.8% | 2.1% |
| Singapore Medical Group Ltd | SMG SP | Not rated | 0.31 | N.A. | 112 | 10.9 | 9.0 | 25.8% | N.A. | 8.6% | N.A. |
| | | | | | | 26.1 | 24.5 | | | | |

* Core P/E excludes non-recurring items from EPS

SOURCES: CIMB, COMPANY REPORTS, BLOOMBERG

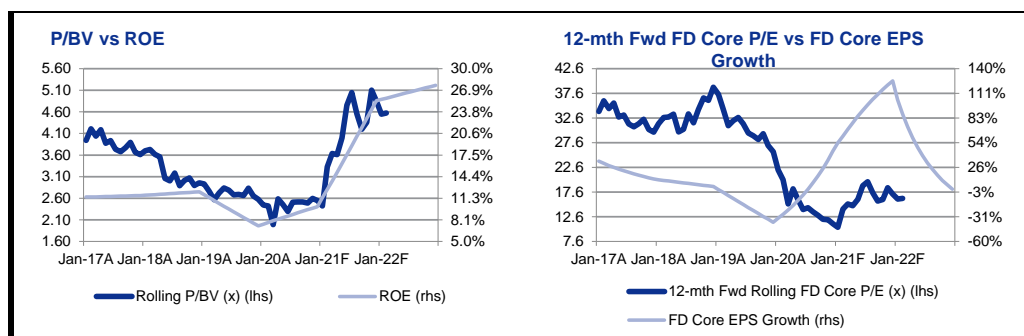


ESG in a nutshell

We like that QNM has been improving its ESG standing over the years via new social and CSR initiatives. In FY20, the group expanded into the provision of Covid-19 testing services, contributing to the national efforts to combat the pandemic. In addition, QNM has increased its focus on dentistry education via the establishment of the QNM College of Dentistry in 2018, an initiative we view positively as it highlights the group's intention to nurture a pool of homegrown talent. As Singapore manages the pandemic, we believe QNM will continue to play an important role in Covid-19 prevention over the next two years.

| | |
|---|---|
| <p>Keep your eye on</p> <p>QNM conducts PCR testing for Covid-19 via its 51%-owned JV Acumen Diagnostics. Throughout 1Q21, the group has steadily ramped up its testing operations in Singapore.</p> | <p>Implications</p> <p>From a social lens, we view this business segment very favourably as it shows QNM's commitment to helping Singapore combat Covid-19. Its testing services contribute directly to community safety as individuals detected with the virus are quickly placed into quarantine to prevent further infections.</p> |
| <p>ESG highlights</p> <p>In addition to Covid-19 testing services, the group provided voluntary swabbing services in FY20. In 1H20, approximately of its 120 staff volunteered to swab c.14k foreign workers located in dormitories and quarantine facilities.</p> <p>QNM provides a two-year graduate diploma course in clinical dentistry via the QNM College of Dentistry; the college was launched in 2018. The group aims to establish Singapore as a focal point for high-quality dental education. Other ESG-positive initiatives include a group scholarship scheme and a place-and-train programme. QNM aims to roll out SkillsFuture or Workforce Development Agency (WDA)-accredited Dental Surgery Assistants (DSA) training programmes in FY21.</p> | <p>Implications</p> <p>As it is a leading dental healthcare provider in Singapore, we think it is important for the group to do well in CSR. Thus far, we are satisfied that QNM is clearly showing its determination in Covid-19 prevention. Furthermore, its educational institutions allow the nurturing of future dental professionals directly within Singapore, growing the nation's pool of talent in line with the rising demand for dental services. We have not factored these into our valuations just yet.</p> |
| <p>Trends</p> <p>Over the years, the group has been conferred various awards across the ESG and corporate governance spaces. Examples include the "<i>Eco-Shop certification</i>" (2017-2020), "<i>Best Managed Board (Silver)</i>" (2017) and "<i>Most Transparent Company</i>" (2016).</p> | <p>Implications</p> <p>We like that QNM has been increasingly recognised for its efforts in maintaining good ESG and corporate governance practices. We believe the company could attract further investor interest as it expands its ESG profile.</p> |

SOURCES: CGS-CIMB RESEARCH, REFINITIV

BY THE NUMBERS

Profit & Loss

| (\$m) | Dec-19A | Dec-20A | Dec-21F | Dec-22F | Dec-23F |
|---|--------------|--------------|--------------|--------------|--------------|
| Total Net Revenues | 128.0 | 137.6 | 207.2 | 222.6 | 230.7 |
| Gross Profit | 34.8 | 44.8 | 73.7 | 73.4 | 76.0 |
| Operating EBITDA | 23.6 | 29.5 | 56.2 | 44.5 | 45.9 |
| Depreciation And Amortisation | (3.3) | (3.5) | (3.9) | (4.7) | (5.5) |
| Operating EBIT | 20.3 | 26.0 | 52.3 | 39.8 | 40.4 |
| Financial Income/(Expense) | (4.4) | (3.8) | (2.8) | (2.9) | (2.9) |
| Pretax Income/(Loss) from Assoc. | 4.2 | 0.2 | (0.4) | 2.0 | 2.1 |
| Non-Operating Income/(Expense) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Profit Before Tax (pre-EI) | 20.1 | 22.4 | 49.1 | 39.0 | 39.6 |
| Exceptional Items | | | | | |
| Pre-tax Profit | 20.1 | 22.4 | 49.1 | 39.0 | 39.6 |
| Taxation | (1.9) | (2.5) | (4.4) | (3.5) | (3.6) |
| Exceptional Income - post-tax | | | | | |
| Profit After Tax | 18.2 | 19.8 | 44.6 | 35.5 | 36.0 |
| Minority Interests | (0.2) | (0.1) | (9.9) | (2.2) | (2.2) |
| Preferred Dividends | | | | | |
| FX Gain/(Loss) - post tax | | | | | |
| Other Adjustments - post-tax | | | | | |
| Net Profit | 18.0 | 19.7 | 34.7 | 33.2 | 33.8 |
| Recurring Net Profit | 8.4 | 12.2 | 30.3 | 33.2 | 33.8 |
| Fully Diluted Recurring Net Profit | 8.4 | 12.2 | 30.3 | 33.2 | 33.8 |

Cash Flow

| (\$m) | Dec-19A | Dec-20A | Dec-21F | Dec-22F | Dec-23F |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|
| EBITDA | 23.62 | 29.45 | 56.18 | 44.53 | 45.94 |
| Cash Flow from Invt. & Assoc. | (4.16) | (0.16) | 0.40 | (2.05) | (2.08) |
| Change In Working Capital | 5.01 | (11.07) | (8.77) | (0.96) | (0.97) |
| (Incr)/Decr in Total Provisions | (0.04) | 0.25 | 0.00 | 0.00 | 0.00 |
| Other Non-Cash (Income)/Expense | | | | | |
| Other Operating Cashflow | 8.63 | 12.27 | 2.40 | 4.95 | 4.98 |
| Net Interest (Paid)/Received | (4.38) | (3.78) | (2.80) | (2.90) | (2.90) |
| Tax Paid | (0.73) | (1.16) | (4.41) | (3.51) | (3.56) |
| Cashflow From Operations | 27.95 | 25.80 | 43.00 | 40.07 | 41.41 |
| Capex | (6.85) | (6.39) | (9.27) | (12.30) | (10.22) |
| Disposals Of FAs/subsidiaries | 0.00 | 47.52 | 0.00 | 0.00 | 0.00 |
| Acq. Of Subsidiaries/investments | (2.93) | (1.37) | 0.00 | 0.00 | 0.00 |
| Other Investing Cashflow | 0.49 | 0.05 | 0.30 | 0.30 | 0.30 |
| Cash Flow From Investing | (9.28) | 39.80 | (8.97) | (12.00) | (9.92) |
| Debt Raised/(repaid) | 5.18 | (9.37) | 0.00 | 0.00 | 0.00 |
| Proceeds From Issue Of Shares | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Shares Repurchased | | | | | |
| Dividends Paid | | | | | |
| Preferred Dividends | | | | | |
| Other Financing Cashflow | (21.52) | (34.71) | (40.89) | (31.54) | (31.54) |
| Cash Flow From Financing | (16.34) | (44.09) | (40.89) | (31.54) | (31.54) |
| Total Cash Generated | 2.33 | 21.52 | (6.86) | (3.47) | (0.05) |
| Free Cashflow To Equity | 23.85 | 56.23 | 34.03 | 28.07 | 31.49 |
| Free Cashflow To Firm | 23.08 | 69.66 | 37.13 | 31.27 | 34.69 |

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

| (S\$m) | Dec-19A | Dec-20A | Dec-21F | Dec-22F | Dec-23F |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Total Cash And Equivalents | 27.3 | 48.8 | 41.9 | 38.4 | 38.4 |
| Total Debtors | 87.3 | 18.2 | 31.2 | 33.5 | 34.8 |
| Inventories | 7.0 | 16.1 | 11.8 | 15.2 | 15.8 |
| Total Other Current Assets | 3.4 | 3.2 | 3.2 | 3.2 | 3.2 |
| Total Current Assets | 125.0 | 86.3 | 88.2 | 90.4 | 92.2 |
| Fixed Assets | 26.1 | 28.9 | 34.2 | 41.8 | 46.5 |
| Total Investments | 42.0 | 43.7 | 43.3 | 45.4 | 47.5 |
| Intangible Assets | 53.5 | 55.6 | 55.6 | 55.6 | 55.6 |
| Total Other Non-Current Assets | 59.1 | 59.3 | 59.3 | 59.3 | 59.3 |
| Total Non-current Assets | 180.8 | 187.5 | 192.4 | 202.1 | 208.8 |
| Short-term Debt | 16.7 | 1.9 | 1.9 | 1.9 | 1.9 |
| Current Portion of Long-Term Debt | | | | | |
| Total Creditors | 27.1 | 16.5 | 16.5 | 21.3 | 22.1 |
| Other Current Liabilities | 27.1 | 11.8 | 11.8 | 11.8 | 11.8 |
| Total Current Liabilities | 70.9 | 30.2 | 30.2 | 35.0 | 35.8 |
| Total Long-term Debt | 67.9 | 73.6 | 73.6 | 73.6 | 73.6 |
| Hybrid Debt - Debt Component | | | | | |
| Total Other Non-Current Liabilities | 43.8 | 46.0 | 46.0 | 46.0 | 46.0 |
| Total Non-current Liabilities | 111.8 | 119.6 | 119.6 | 119.6 | 119.6 |
| Total Provisions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total Liabilities | 182.6 | 149.9 | 149.8 | 154.6 | 155.5 |
| Shareholders' Equity | 122.0 | 121.1 | 118.0 | 122.9 | 128.3 |
| Minority Interests | 1.2 | 2.8 | 12.8 | 15.0 | 17.2 |
| Total Equity | 123.1 | 123.9 | 130.8 | 137.9 | 145.6 |

Key Ratios

| | Dec-19A | Dec-20A | Dec-21F | Dec-22F | Dec-23F |
|---------------------------|---------|---------|---------|---------|---------|
| Revenue Growth | 5.9% | 7.5% | 50.6% | 7.4% | 3.6% |
| Operating EBITDA Growth | 47.0% | 24.7% | 90.8% | (20.7%) | 3.2% |
| Operating EBITDA Margin | 18.5% | 21.4% | 27.1% | 20.0% | 19.9% |
| Net Cash Per Share (S\$) | (0.096) | (0.036) | (0.038) | (0.041) | (0.041) |
| BVPS (S\$) | 0.16 | 0.15 | 0.12 | 0.13 | 0.14 |
| Gross Interest Cover | 4.61 | 6.41 | 16.86 | 12.44 | 12.63 |
| Effective Tax Rate | 9.6% | 11.3% | 9.0% | 9.0% | 9.0% |
| Net Dividend Payout Ratio | 46% | 136% | 109% | 85% | 84% |
| Accounts Receivables Days | 148.3 | 140.3 | 43.5 | 53.1 | 54.0 |
| Inventory Days | 27.40 | 45.60 | 38.13 | 33.03 | 36.59 |
| Accounts Payables Days | 80.54 | 86.01 | 45.20 | 46.25 | 51.23 |
| ROIC (%) | 20.8% | 14.3% | 34.2% | 23.8% | 23.0% |
| ROCE (%) | 9.6% | 12.3% | 25.7% | 18.9% | 18.6% |
| Return On Average Assets | 8.7% | 8.2% | 17.1% | 13.4% | 13.1% |

Key Drivers

| | Dec-19A | Dec-20A | Dec-21F | Dec-22F | Dec-23F |
|----------------------------|---------|---------|---------|---------|---------|
| Singapore - dental clinics | 74.0 | 78.0 | 90.0 | 109.0 | 119.0 |
| Malaysia - dental clinics | 32.0 | 33.0 | 38.0 | 52.0 | 62.0 |

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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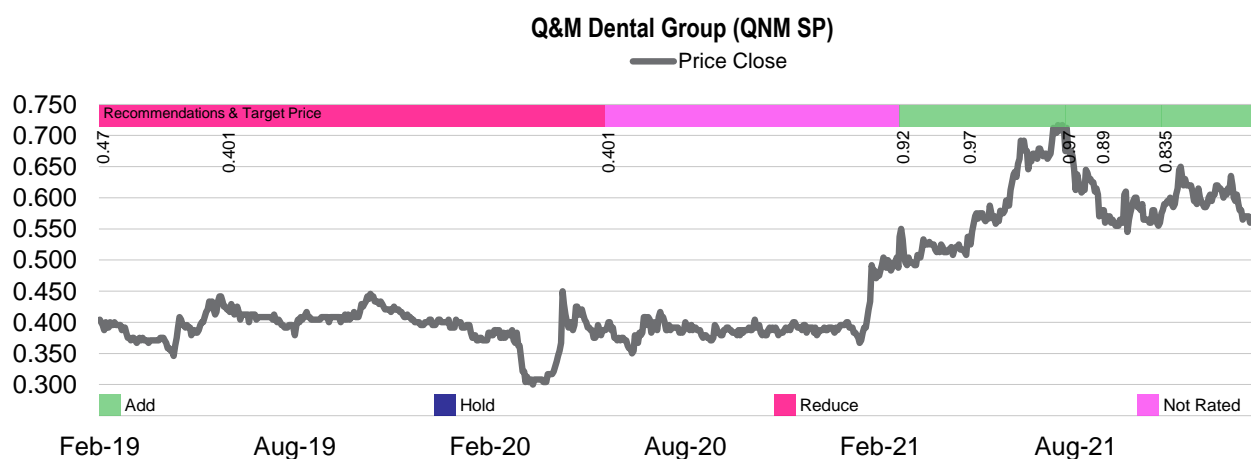
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Spitzer Chart for stock being researched (2 year data)



Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2021, Anti-Corruption 2021

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

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

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

Recommendation Framework

Stock Ratings

Definition:

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

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.

