

Hong Kong

ADD (no change)

Consensus ratings*: Buy 3 Hold 0 Sell 0

Current price:	HK\$5.81
Target price:	HK\$11.40
Previous target:	HK\$8.74
Up/downside:	96.2%
CGS-CIMB / Consensus:	N/A
Reuters:	0327.HK
Bloomberg:	327 HK
Market cap:	US\$805.9m HK\$6,308m
Average daily turnover:	US\$1.61m HK\$12.54m
Current shares o/s:	1,093m
Free float:	66.9%

*Source: Bloomberg

Key changes in this note

- FY22F/23F revenue increased by 5.5%/9.3%.
- FY22F/23F GPM decreased by 0.4%/0.3% pt.
- FY22F/23F EPS increased by 10.1%/16.7%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-2.4	5.1	-27.7
Relative (%)	3.6	12.9	-4.4

Major shareholders	% held
Hi Sun Technology (China) Limited	33.1
FMR LLC	6.0

Analyst

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PAX Global Technology Ltd

Android terminals to deliver strong growth

- FY21 net profit grew 20% yoy, in line with our estimate. 2H21 net profit slower growth (+10% yoy) was due to higher electronic component prices.
- Strong Android smart terminal sales to be sustained due to rising penetration.
- Reiterate Add as PAX trades at an unreasonably low P/E of 5x in FY22F. We raise our TP to HK\$11.40, based on 8x FY23F P/E.

2H21 net profit slowed down due to higher components prices

PAX Global Technology's 2H21 net profit grew 10% yoy to HK\$569 on a 25% revenue growth and 2.5%-pt GPM erosion, mainly due to higher electronic component prices, Rmb/USD appreciation, and one-off expenses (approx. HK\$20m) for legal and consultant fees for its issue with the FBI (please refer to our research on 1 Nov 2021 [FBI raids PAX's office in the US](#)). FY21 revenue increased by 27% yoy, but net profit rose 20% yoy, mainly due to a 2.1%-pt decline in GPM and higher promotional expenses for markets expansion.

Strong Android smart terminal sale to be sustained

Android smart terminals accounted for 46% of its FY21 POS terminal revenue, thanks to rapidly growing penetration in the US and EU markets. FY21 services revenue grew 53% yoy to HK\$181m on strong SaaS solutions revenue growth. The number of Android smart terminals connected to the PAXSTORE platform doubled to 4.4m units in FY21, generating revenue of HK\$42m. We estimate Android products to reach 52% of total FY22F POS terminal revenue, underpinned by rising Android penetration rate in the LATAM and India markets and new product offerings in the US and EU markets. We see huge revenue growth potential for its SaaS solutions. PAXSTORE's FY21 ARPU, however, was very low (c.US\$2.2/per unit), as the company is currently focused on customer acquisition.

European and Indian markets lead FY22F earnings growth

PAX expects FY22F revenue to grow c.15%, in line with our estimate (+16% yoy). We expect 29% FY22F revenue growth in EMEA (mainly Europe) and 15% in APAC (mainly India), driven by Android penetration growth and rapid growth of POS terminal installed base, thanks to rising popularity of contactless payments. We expect 4% FY22F revenue growth in USCA (mainly the US) and 12% in LACIS (mainly LATAM), supported by stable Android product demand in the US, new POS models introduction in Brazil and growing customers in Argentina, Mexico and Chile. We expect slightly higher FY22F GPM of 39.6% (vs. 39.3% in FY21) due to higher contribution from Android products and SaaS solutions.

Reiterate Add; TP raised to HK\$11.40

We raise FY22F/23F EPS by c.10%/17% as we expect stronger Android smart terminal shipments. We reiterate Add on PAX's cheap valuations of 5x FY22F P/E and strong balance sheet (net cash of HK\$3.56bn, or HK\$3.25/share). We think that the current depressed valuations are unreasonable as we believe the FBI issue will not hurt its business expansion in the US and globally (an independent investigation by a famous global cybersecurity firm found no unexplained network traffic in PAX's terminals). Our TP is raised to HK\$11.40 due to the EPS hikes and rollover to FY23F, still pegged to 8x P/E, its 3-year average. Re-rating catalysts: US authorities halting its investigations. Risks: rapid Rmb/US appreciation and sales slowdown in the US.

Financial Summary

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue (HK\$m)	5,651	7,196	8,357	9,828	11,591
Net Profit (HK\$m)	900	1,084	1,321	1,611	1,947
Normalised EPS (HK\$)	0.83	1.01	1.21	1.47	1.78
Normalised EPS Growth	46.0%	21.6%	20.0%	21.9%	20.9%
FD Normalised P/E (x)	7.08	5.86	4.97	4.07	3.37
Price To Sales (x)	1.12	0.89	0.76	0.65	0.55
DPS (HK\$)	0.27	0.27	0.33	0.40	0.49
Dividend Yield	4.65%	4.65%	5.68%	6.93%	8.37%
EV/EBITDA (x)	2.29	2.32	1.52	0.84	0.32
P/FCFE (x)	10.2	199.1	9.1	6.1	5.0
Net Gearing	(68.6%)	(55.1%)	(53.8%)	(55.0%)	(56.2%)
P/BV (x)	1.13	0.98	0.86	0.74	0.64
ROE	17.4%	18.3%	19.0%	20.2%	21.0%
% Change In Normalised EPS Estimates			10.1%	16.7%	
Normalised EPS/consensus EPS (x)			1.04	1.10	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

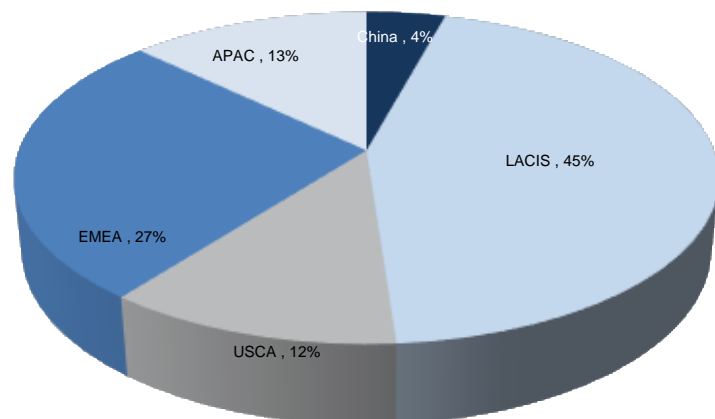
Android terminals to deliver strong growth

Figure 1: Results comparison

FYE 31 Dec (HK\$m)	2HFY21	2HFY20	yoy % chg	hoh % chg	2HFY21 Cum	2HFY20 Cum	yoy % chg	Prev. FY21F	Comments
Revenue	3,877	3,110	24.7	16.8	7,196	5,651	27.3	6,939	2H21 revenue rose c.25% yoy, driven by USCA (+44% yoy), EMEA (+37% yoy),
Operating costs	(3,217)	(2,463)	30.6	17.3	(5,961)	(4,534)	31.5	(5,704)	APAC, excluding China (+25% yoy), and LACIS (+21% yoy).
EBITDA	660	647	2.1	14.8	1,235	1,116	10.7	1,235	
EBITDA margin (%)	17.0	20.8			17.2	19.8		17.8	2H21 GPM fell 2.5% pts yoy (-1.3% pts hoh) to 38.7% due to Rmb/USD
Deprn & amort.	(13)	(11)	14.1	4.4	(25)	(21)	18.0	(30)	appreciation and the increase in electronic components prices.
EBIT	648	636	1.9	15.1	1,211	1,095	10.5	1,205	
Interest expense	(3)	(4)	(22.6)	(2.2)	(7)	(8)	(15.8)	(7)	
Interest & invt inc	57	(5)	1,216.7	91.7	87	(28)	408.8	35	Fair value gain on financial assets and gain on disposal of assets.
Associates' contrib	3	(2)	207.7	180.4	3	(6)	157.1	(3)	
Exceptionals	(20)	-	N/M	N/M	(20)	-	N/M	-	One-off expenses for legal and consultant fees
Pretax profit	684	624	9.7	15.9	1,274	1,053	21.0	1,257	
Tax	(111)	(106)	4.4	54.3	(182)	(149)	22.3	(182)	
Tax rate (%)	16.2	17.0			14.3	14.2		14.5	
Minority interests	(5)	(2)	160.7	34.8	(8)	(4)	nm	(5)	
Net profit	569	516	10.2	10.4	1,084	900	20.4	1,070	2H21 net profit grew c.10% yoy to c.HK\$569m.
Core net profit	589	516	14.1	14.3	1,104	900	22.6	1,113	FY21 net profit grew c.20% yoy to HK\$1,084m and formed 101% of our FY21 forecast.
EPS (HK\$ cts)	52.3	47.5	10.2	11.3	99.6	82.7	20.4	101.8	
Core EPS (HK\$ cts)	54.1	47.5	14.0	15.2	101.5	82.7	22.6	101.8	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 2: Revenue breakdown by geographical areas (FY21)



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 3: Revenue breakdown by geographical areas (FY21)

FYE 31 Dec (HK\$m)	Dec-18A	Dec-19A	Dec-20A	1H21	2H21	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue breakdown, by regions (HK\$m)									
China	683	397	323	141	103	243	200	180	198
LACIS	2,409	2,515	2,724	1,481	1,771	3,252	3,642	4,079	4,569
USCA	262	346	508	387	406	793	825	930	1,025
EMEA	680	928	1,269	881	1,000	1,881	2,408	3,010	3,763
APAC	381	740	826	429	597	1,026	1,282	1,629	2,036
Total	4,415	4,926	5,651	3,319	3,877	7,196	8,357	9,828	11,591
Revenue breakdown (yoy change %)									
China	-31%	-42%	-19%	-12%	-37%	-25%	-18%	-10%	10%
LACIS	63%	4%	8%	17%	21%	19%	12%	12%	12%
USCA	3%	32%	47%	72%	44%	56%	4%	13%	10%
EMEA	12%	36%	37%	63%	37%	48%	28%	25%	25%
APAC	47%	94%	12%	22%	25%	24%	25%	27%	25%
Total	23%	12%	15%	31%	25%	27%	16%	18%	18%
Revenue breakdown (weighting %)									
China	15%	8%	6%	4%	3%	3%	2%	2%	2%
LACIS	55%	51%	48%	45%	46%	45%	44%	42%	39%
USCA	6%	7%	9%	12%	10%	11%	10%	9%	9%
EMEA	15%	19%	22%	27%	26%	26%	29%	31%	32%
APAC	9%	15%	15%	13%	15%	14%	15%	17%	18%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%

LACIS - Latin America and Commonwealth of Independent States, EMEA - Europe, the Middle East and Africa

APAC - Asia Pacific, USCA - United States and Canada

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 4: Earnings revision

FYE Dec (HK\$)	Dec-21A	Dec-22F			Dec-23F			Dec-24F		
		Old	New	% chg	Old	New	% chg	Old	New	% chg
Revenue	7,196	7,921	8,357	5.5%	8,989	9,828	9.3%	n.a.	11,591	n.a.
Gross profit	2,827	3,172	3,313	4.4%	3,700	4,017	8.5%	n.a.	4,791	n.a.
Gross profit margin	39.3%	40.0%	39.6%	-0.4 pts	41.2%	40.9%	-0.3 pts	n.a.	41.3%	n.a.
EBITDA	1,284	1,448	1,573	8.7%	1,661	1,930	16.2%	n.a.	2,305	n.a.
Net profit	1,084	1,200	1,321	10.1%	1,380	1,611	16.7%	n.a.	1,947	n.a.
EPS	0.99	1.10	1.21	10.1%	1.26	1.47	16.7%	n.a.	1.78	n.a.

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 5: Peer comparison

Company	Code	Recom.	Price	Target price	Market Cap	P/E (x)			P/BV		ROE		EV/EBITDA		Yield	
			(local curr)	(local curr)	(US\$m)	CY21F	CY22F	CY23F	CY21F	CY22F	CY21F	CY22F	CY21F	CY22F	CY21F	CY22F
PAX Global	327 HK	Add	5.81	11.40	806	5.8	4.8	3.9	1.0	0.9	18.3%	19.0%	2.3	1.5	4.6%	5.7%
Domestic peers																
Newland Digital Technology	000997 CH	Not Rated	16.36	N/A	2,655	25.5	20.5	16.1	2.7	2.4	10.5%	12.6%	11.9	10.0	1.1%	1.4%
Xingoudu	300130 CH	Not Rated	13.82	N/A	1,063	33.7	22.3	17.3	2.6	2.3	7.6%	10.4%	180.0	70.3	0.0%	0.0%
Average						29.6	21.4	16.7	2.6	2.4	9.1%	11.5%	96.0	40.1	0.6%	0.7%
International peers																
Worldline	WLN FP	Not Rated	41.16	N/A	12,441	N/A	17.0	14.8	N/A	1.1	N/A	6.2%	N/A	14.2	N/A	0.0%
Stone Co	STNE US	Not Rated	14.35	N/A	4,433	N/A	43.0	15.4	2.2	1.5	N/A	3.2%	15.4	6.4	N/A	0.0%
Pageseguro Digital	PAGS US	Not Rated	21.65	N/A	7,136	N/A	18.9	13.3	4.6	2.7	N/A	14.1%	12.0	7.9	N/A	0.0%
Cielo SA	CIEL3 BS	Not Rated	2.83	N/A	1,592	6.4	8.8	8.2	0.6	0.7	10.0%	8.0%	6.3	5.3	7.7%	9.7%
Average						6.4	21.9	12.9	2.5	1.5	10.0%	7.9%	11.2	8.5	7.7%	2.4%

SOURCES: CGS-CIMB RESEARCH, BLOOMBERG (PRICE AS AT 25 MAR 2022)

ESG in a nutshell



PAX Global Technology (PAX) is dedicated to managing its business in a responsible manner through incorporating environmental and social factors into business development and decision-making processes, hence promoting sustainable development. This should bring long-term value to stakeholders. In our view, the company is not involved in environmentally-detrimental industry practices and takes effort to minimise the environmental impact of its operations.

Keep your eye on

Compliance with environmental protection laws across diverse jurisdictions. PAX strictly manages its environmental performance in line with ISO14001:2015 Environmental Management System.

Implications

PAX recorded no violation of environmental protection laws, as of FY20, in regions where it has manufacturing operations.

ESG highlights

The group has already established its Environmental, Social and Governance Policy, which sets out its pledge in terms of sustainability, guiding each business department and team to incorporate sustainability issues into daily operations. Regarding the continuous growth and expansion of our business around the globe, this policy is regarded as the key to realising sustainable development of the group as it standardise the sustainability strategies among different departments and businesses.

Implications

PAX have implemented various procedures, including the “Quality Manual”, “Management Procedures for Substandard Products”, “Management Procedures for Substandard Products” and “Management Procedure of Customer Complaints” etc. The company’s quality management system of electronic payment system (including POS terminals, smart card readers and PIN keypads) design and production meets the ISO9001:2015 quality standards. Its management system allows PAX to strive for excellence for each product to meet or even exceed its customers’ expectations.

Trends

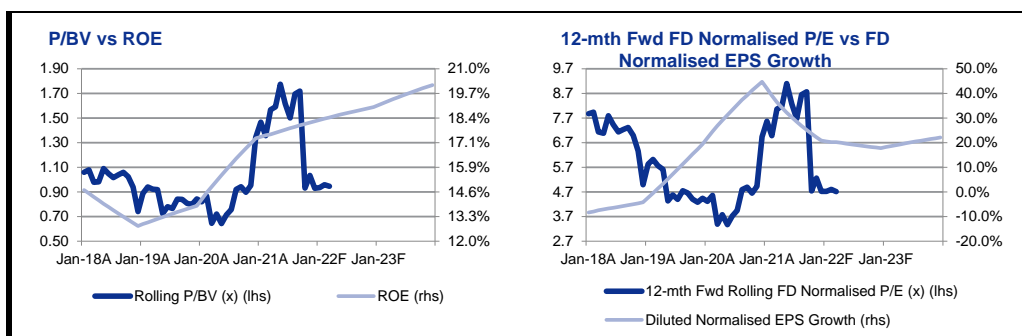
During the reporting period, the group’s energy consumption mainly came from unleaded petrol and purchased electricity, which account for 48.88% and 47.23% of its overall energy consumption, respectively. Consumption of LPG accounts for 3.89% of its overall energy consumption.

Implications

In FY20:
its nitrogen oxides emissions decreased by 38% yoy to 208.5kg,
sulphur oxides emissions decreased by 34% yoy to 5.06kg,
particulate matters decreased by 38% yoy to 15.09kg,
hazardous waste emissions were zero (0.2 tonnes in FY19),
total non-hazardous waste decreased by 58% yoy to tonnes,
total energy consumption decreased by 23% yoy to 6,388MWh, and
total water consumption decreased by 18% yoy to 114,040 cubic metres.

SOURCES: CGS-CIMB RESEARCH, REFINITIV

BY THE NUMBERS



Profit & Loss

(HK\$m)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Total Net Revenues	5,651	7,196	8,357	9,828	11,591
Gross Profit	2,337	2,827	3,313	4,017	4,791
Operating EBITDA	1,077	1,197	1,543	1,935	2,310
Depreciation And Amortisation	(21)	(25)	(44)	(51)	(34)
Operating EBIT	1,057	1,173	1,500	1,884	2,276
Financial Income/(Expense)	31	31	36	53	63
Pretax Income/(Loss) from Assoc.	(6)	3	2	2	2
Non-Operating Income/(Expense)	(28)	87	30	(5)	(5)
Profit Before Tax (pre-EI)	1,053	1,294	1,567	1,933	2,336
Exceptional Items	0	(20)	0	0	0
Pre-tax Profit	1,053	1,274	1,567	1,933	2,336
Taxation	(149)	(182)	(235)	(309)	(374)
Exceptional Income - post-tax					
Profit After Tax	904	1,092	1,332	1,624	1,962
Minority Interests	(4)	(8)	(10)	(13)	(16)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Preference Dividends (Australia)					
Net Profit	900	1,084	1,321	1,611	1,947
Normalised Net Profit	904	1,112	1,332	1,624	1,962
Fully Diluted Normalised Profit	900	1,104	1,321	1,611	1,947

Cash Flow

(HK\$m)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
EBITDA	1,077	1,197	1,543	1,935	2,310
Cash Flow from Inv. & Assoc.					
Change In Working Capital	(467)	(792)	(398)	(496)	(601)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	363	74	(6)	(58)	(50)
Other Operating Cashflow					
Net Interest (Paid)/Received	31	31	36	53	63
Tax Paid	(268)	(182)	(235)	(309)	(374)
Cashflow From Operations	735	328	940	1,124	1,349
Capex	(60)	(300)	(230)	(70)	(70)
Disposals Of FAs/subsidiaries	0	0	0	0	0
Acq. Of Subsidiaries/investments	0	0	0	0	0
Other Investing Cashflow	(53)	4	9	26	37
Cash Flow From Investing	(113)	(296)	(221)	(44)	(33)
Debt Raised/(repaid)	0	0	0	0	0
Proceeds From Issue Of Shares	0	0	0	0	0
Shares Repurchased					
Dividends Paid	(141)	(295)	(295)	(361)	(440)
Preferred Dividends					
Other Financing Cashflow	(66)	(87)	0	0	0
Cash Flow From Financing	(207)	(382)	(295)	(361)	(440)
Total Cash Generated	415	(349)	424	719	876
Free Cashflow To Equity	622	32	719	1,080	1,316
Free Cashflow To Firm	630	39	726	1,087	1,323

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

(HK\$m)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Total Cash And Equivalents	3,821	3,555	3,979	4,698	5,574
Total Debtors	1,504	2,164	2,513	2,955	3,485
Inventories	1,630	2,071	2,392	2,755	3,224
Total Other Current Assets	0	0	0	0	0
Total Current Assets	6,955	7,790	8,883	10,409	12,283
Fixed Assets	129	486	676	699	721
Total Investments	0	0	0	0	0
Intangible Assets	40	33	33	33	33
Total Other Non-Current Assets	513	513	513	513	513
Total Non-current Assets	682	1,031	1,222	1,245	1,267
Short-term Debt	0	0	0	0	0
Current Portion of Long-Term Debt					
Total Creditors	1,857	2,173	2,509	2,891	3,382
Other Current Liabilities	98	90	104	124	153
Total Current Liabilities	1,954	2,264	2,613	3,015	3,536
Total Long-term Debt	0	0	0	0	0
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	101	90	91	92	93
Total Non-current Liabilities	101	90	91	92	93
Total Provisions	8	11	11	11	11
Total Liabilities	2,063	2,365	2,715	3,118	3,640
Shareholders' Equity	5,602	6,487	7,421	8,566	9,940
Minority Interests	(28)	(31)	(31)	(31)	(31)
Total Equity	5,574	6,457	7,390	8,536	9,910

Key Ratios

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue Growth	14.7%	27.3%	16.1%	17.6%	17.9%
Operating EBITDA Growth	42.7%	11.1%	28.9%	25.4%	19.4%
Operating EBITDA Margin	19.1%	16.6%	18.5%	19.7%	19.9%
Net Cash Per Share (HK\$)	3.50	3.25	3.64	4.30	5.10
BVPS (HK\$)	5.13	5.94	6.79	7.84	9.09
Gross Interest Cover	127.5	168.0	214.9	269.9	326.1
Effective Tax Rate	14.2%	14.3%	15.0%	16.0%	16.0%
Net Dividend Payout Ratio	32.8%	26.7%	27.3%	27.3%	27.3%
Accounts Receivables Days	95.46	89.18	98.27	97.70	97.84
Inventory Days	161.9	154.6	161.5	161.6	160.9
Accounts Payables Days	152.1	127.0	130.1	130.2	129.7
ROIC (%)	70.7%	63.0%	49.9%	53.6%	57.8%
ROCE (%)	21.2%	20.1%	22.2%	24.4%	25.4%
Return On Average Assets	12.2%	13.1%	13.7%	14.4%	15.1%

Key Drivers

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
E-POS revenue (yoy change %)	14.4%	26.8%	16.1%	17.7%	18.0%
Services revenue (yoy change %)	33.5%	52.6%	18.0%	14.9%	13.5%
Gross profit margin (%)	41.4%	39.3%	39.6%	40.9%	41.3%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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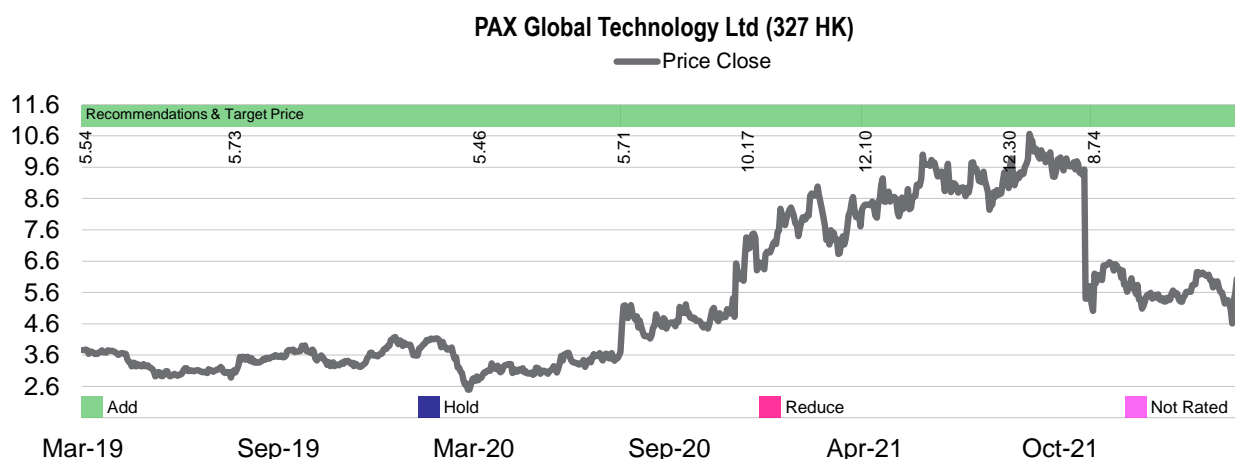
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Spitzer Chart for stock being researched (2 year data)



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.

