

Malaysia

ADD (no change)

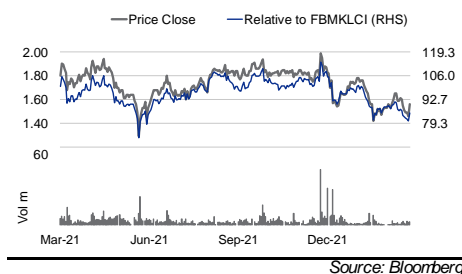
Consensus ratings*: Buy 7 Hold 1 Sell 0

| | |
|-------------------------|------------|
| Current price: | RM1.56 |
| Target price: | RM2.35 |
| Previoustarget: | RM2.53 |
| Up/downside: | 50.4% |
| CGS-CIMB / Consensus: | -0.3% |
| Reuters: | SKPR.KL |
| Bloomberg: | SKP MK |
| Market cap: | US\$580.0m |
| | RM2,437m |
| Average daily turnover: | US\$1.72m |
| | RM7.27m |
| Current shares o/s: | 1,563m |
| Free float: | 56.0% |

*Source: Bloomberg

Key changes in this note

- We lower our FY22F core EPS forecasts by 7.2% to reflect weaker qoq sales growth in 4QFY22F.
- We raise our FY24F core EPS forecasts by 7.1% to account for stronger revenue growth from its new capacity.



| Price performance | 1M | 3M | 12M |
|-------------------|------|-------|-------|
| Absolute (%) | 4 | -21.6 | -18.4 |
| Relative (%) | -1.5 | -26.5 | -19 |

| Major shareholders | % held |
|--------------------|--------|
| Dato' Gan Kim Huat | 30.6 |
| Gan Poh San | 16.4 |
| KWAP | 11.2 |

Analyst(s)



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SKP Resources Bhd

Valuations too enticing to ignore

- 9MFY3/22 core net profit grew 20.8% yoy, thanks to higher PCBA contribution and higher operational efficiencies.
- We estimate an FY22-24F core EPS CAGR of 19%, owing to its robust order flows outlook, with new product models in the pipeline for FY23F.
- Reiterate Add with a lower TP of RM2.35 (16.7x CY23F P/E). SKP trades at an attractive 12.3x/10.8x FY23/24F P/E, more than 2 s.d. below mean.

9M core EPS a miss, expecting sequentially weaker 4QFY22F

SKP Resources (SKP) recorded 9MFY22 core net profit growth of 20.8% yoy to RM117.9m. This made up 70% of ours and 75% of Bloomberg consensus forecasts, respectively. We deem this below our expectations but in line with Bloomberg consensus, due to a lower-than-expected qoq sales recovery in 3QFY22F. We project a qoq weaker 4QFY22F as we believe SKP is likely to be impacted by fewer working days in the month of February and the Chinese New Year festivities in 4Q22F. Historically, 2Q and 3Q tend to be seasonally stronger quarters for SKP ahead of year-end shopping festivities.

Record quarter owing to sustained high levels of operating margins

SKP reported a 5.7% yoy revenue decline in 3QFY22, owing to weaker product mix/assortment. Despite this, the group's EBITDA margin expanded by 1.5% pts yoy, sustaining at higher-than-pre-pandemic levels. We attribute this to higher contribution from its printed circuit board assembly (PCBA) operations in 3QFY22, in addition to prudent cost control and higher operational efficiencies. This led to a 6% yoy increase in SKP's core net profit to a record high of RM46.3m in 3Q21. On a qoq basis, 3Q revenue grew 21.4% as the previous quarter was impacted by 60% workforce capacity limitations during Jul-Aug 2021 due to Covid-19 measures. As a result, SKP's core net profit rose 16.3% qoq in 3QFY22.

Reiterate Add with a lower TP of RM 2.35

We believe order flows from its key customer remain robust and should underpin stronger FY23-24F. We gather that SKP continues to receive encouraging enquiries from its key customers as well as potential new customers and is in the midst of undergoing capacity expansion in anticipation of stronger order flows and new product model wins for FY23-24F. We expect the new capacity to come onstream in 2HFY23F. We lower our FY22F EPS forecasts to reflect a qoq weaker 4Q, but raise our FY24F EPS forecast to account for stronger revenue growth from its new capacity. We retain our Add call, but lower our TP to RM2.35 as we peg our valuation to a lower 16.7x CY23F P/E (vs. 19x), in line with its 5-year historical mean P/E, in view of the weaker sentiment in the global tech sector in a rising interest rate environment as well as elevated concerns over ESG risks and supply chain disruptions in the EMS sector. We like SKP as it trades at an attractive 12.3x/10.8x FY23/24F (more than 2.0 s.d. below its 5-year mean). Key re-rating catalysts include new product model wins from its key customers. Downside risks include production disruptions due to labour/component shortage.

| Financial Summary | Mar-20A | Mar-21A | Mar-22F | Mar-23F | Mar-24F |
|--------------------------------|---------|---------|---------|---------|---------|
| Revenue (RMm) | 1,827 | 2,251 | 2,394 | 2,992 | 3,422 |
| Net Profit (RMm) | 75.7 | 133.2 | 156.7 | 198.9 | 226.4 |
| Core EPS (RM) | 0.05 | 0.09 | 0.10 | 0.13 | 0.14 |
| Core EPS Growth | (23.9%) | 77.0% | 17.8% | 26.9% | 13.8% |
| FD Core P/E (x) | 32.46 | 18.34 | 15.56 | 12.26 | 10.77 |
| Price To Sales (x) | 1.33 | 1.08 | 1.02 | 0.81 | 0.71 |
| DPS (RM) | 0.024 | 0.043 | 0.050 | 0.064 | 0.072 |
| Dividend Yield | 1.55% | 2.74% | 3.21% | 4.08% | 4.64% |
| EV/EBITDA (x) | 18.74 | 11.13 | 9.43 | 7.53 | 6.35 |
| P/FCFE (x) | 44.11 | 63.58 | 13.41 | 23.26 | 11.95 |
| Net Gearing | (29.7%) | (24.4%) | (35.2%) | (31.8%) | (37.3%) |
| P/BV (x) | 3.99 | 3.44 | 3.10 | 2.75 | 2.44 |
| ROE | 12.5% | 20.2% | 21.0% | 23.8% | 24.0% |
| % Change In Core EPS Estimates | | | (7.23%) | 0.31% | 7.10% |
| CGS-CIMB/Consensus EPS (x) | | | 0.98 | 1.01 | 1.03 |

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Valuations too enticing to ignore

Highlights and updates on its labour issues ►

- SKP Resources Berhad (SKP) has established a constructive working relationship with migrant worker rights specialist Andy Hall to discuss certain areas relating to its migrant worker management systems.
- SKP is carrying out a remediation programme with respect to the repayment of recruitment fees previously paid by its migrant workers to agents or other parties.
- SKP will commission an Independent Third-Party Social Compliance Audit by April 2022, the specifics of which shall be agreed by SKP and Mr. Andy Hall.

We believe the findings of the audit report will be a key focus area among investors, and a positive outcome from the report should also serve as a strong re-rating catalyst for the stock.

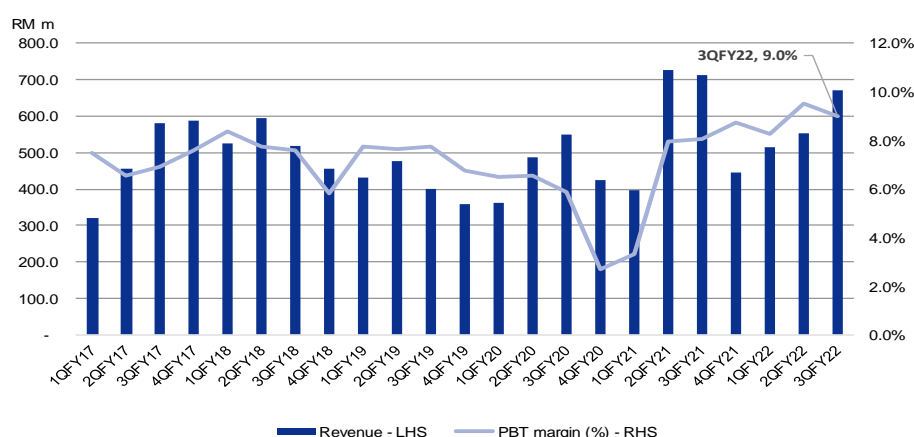
Key charts ►

Figure 1: Results comparison

| FYE Mar (RM m) | 3Q FY22 | 3Q FY21 | yoy % chg | qoq % chg | 3QFY22 Cum | 3QFY21 Cum | yoy % chg | Prev. FY21F | Comments |
|--------------------------|-------------|-------------|-------------|-------------|--------------|--------------|-------------|--------------|--|
| Revenue | 672.5 | 713.3 | -5.7 | 21.4 | 1,741.4 | 1,838.2 | -5.3 | 2,588.1 | Yoy drop in orders attributable to product mix/assortment |
| Operating costs | (600.7) | (647.5) | -7.2 | 21.9 | (1,558.0) | (1,685.7) | -7.6 | (2,342.1) | |
| EBITDA | 71.8 | 65.8 | 9.1 | 17.9 | 183.4 | 152.5 | 20.3 | 246.0 | |
| <i>EBITDA margin (%)</i> | <i>10.7</i> | <i>9.2</i> | <i>1.5</i> | <i>-0.3</i> | <i>10.5</i> | <i>8.3</i> | <i>2.2</i> | | Stronger EBITDA margins due to economies of scale, streamlined operations and potentially higher contribution from its PCBA operations |
| Depn & amort. | (11.4) | (8.8) | 29.1 | 21.9 | (29.5) | (26.0) | 13.6 | (31.1) | |
| EBIT | 60.4 | 57.0 | 6.0 | 17.2 | 153.9 | 126.5 | 21.6 | 214.8 | |
| Interest expense | (0.0) | (0.0) | >100 | >100 | (0.1) | (0.2) | >100 | 0.0 | |
| Interest & invt inc | 0.5 | 0.5 | 0.2 | -46.5 | 1.6 | 2.1 | -21.8 | 7.4 | Cash and other investments balance of RM126.9m as at end-2QFY22 (vs RM146.1m as at end-2QFY22) |
| Exceptionals & revaln | (0.2) | (0.0) | nm | nm | 0.7 | 0.0 | nm | 0.0 | EI mainly consists of unrealised forex gains and gains on disposal of PPE |
| Pretax profit | 60.7 | 57.5 | 5.6 | 15.0 | 156.1 | 128.5 | 21.5 | 222.2 | |
| Tax | (14.6) | (13.9) | 4.9 | 15.7 | (37.5) | (30.8) | 21.5 | (53.3) | |
| <i>Tax rate (%)</i> | <i>24.1</i> | <i>24.2</i> | <i>-0.2</i> | <i>0.1</i> | <i>24.0</i> | <i>24.0</i> | <i>0.0</i> | <i>24.0</i> | |
| Minority interests | 0.0 | 0.0 | nm | nm | 0.0 | 0.0 | nm | 0.0 | |
| Net profit | 46.1 | 43.5 | 5.8 | 14.8 | 118.6 | 97.6 | 21.5 | 168.9 | |
| Core net profit | 46.3 | 43.5 | 6.3 | 16.3 | 117.9 | 97.6 | 20.8 | 168.9 | Below, at 70% of our full year forecasts, due to weaker than expected sales growth in 3QFY22F. We anticipate a qoq weaker 4Q owing to fewer working days in the 4QFY22F |
| EPS (sen) | 3.0 | 2.8 | 5.8 | 14.8 | 7.6 | 6.3 | 21.5 | 10.8 | |
| Core EPS (sen) | 3.0 | 2.8 | 6.3 | 16.3 | 7.6 | 6.3 | 20.8 | 10.8 | |

SOURCES: CGS-CIMB, COMPANY REPORTS

Figure 2: PBT margins sustained at higher-than-pre-pandemic levels owing to prudent cost controls and higher contributions from its PCBA operations



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 3: SKP's 12M rolling forward P/E (x) chart

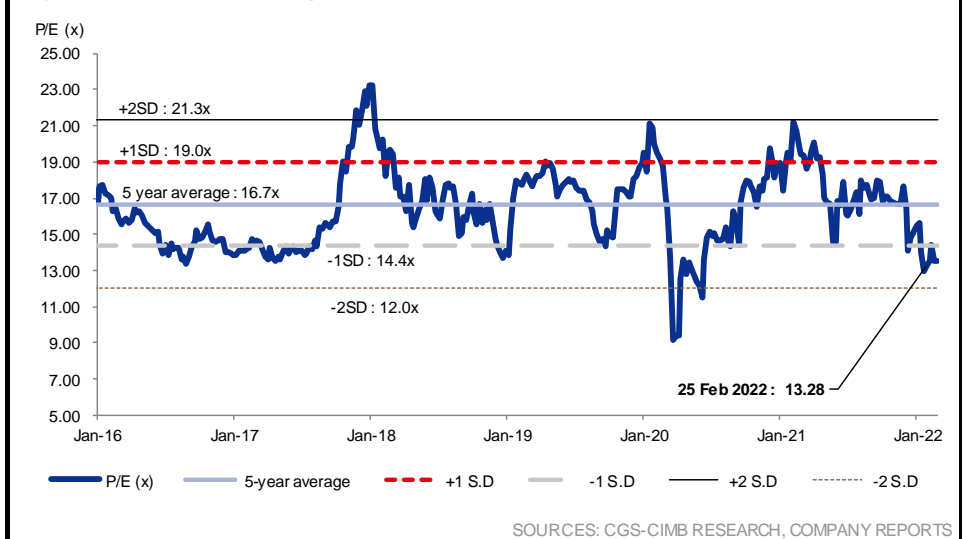


Figure 4: SKP's capacity expansion plans

| Expansion plans | Land size (acres) | Purchase consideration (RM m) |
|--|-------------------|-------------------------------|
| Construction of the new factory building on its newly acquired industrial land at Johor has commenced from January 2022 onwards and is expected to be completed by end of Year 2022. | 6.4 | 14.2 |
| In the midst of acquiring a separate piece of industrial land at Negeri Johor | 7.9 | 19.9 |

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 5: Earnings revisions

| FYE Mar (RM m) | 2021A | 2022F | | | 2023F | | | 2024F | | |
|--------------------|-------|-------|-------|------|-------|-------|-----|-------|-------|-----|
| | | Old | New | chg | Old | New | chg | Old | New | chg |
| Revenue | 2,251 | 2,588 | 2,394 | (7%) | 2,992 | 2,992 | 0% | 3,295 | 3,422 | 4% |
| EBITDA | 204 | 246 | 229 | (7%) | 286 | 286 | 0% | 304 | 325 | 7% |
| Core pretax profit | 171 | 222 | 206 | (7%) | 261 | 262 | 0% | 278 | 298 | 7% |
| Core net profit | 133 | 169 | 157 | (7%) | 198 | 199 | 0% | 211 | 226 | 7% |

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

ESG in a nutshell

DBL-Click to DEL Table



SKP Resources is one of the largest electronic manufacturing services (EMS) providers in Malaysia and Southeast Asia. While the group does not appear to have a dedicated ESG-centric working group/committee, sustainability practices and initiatives are spearheaded by the managing director with the support of its key senior management. Labour and recruitment practices are key issues for the EMS sector. Other key materiality matters include: i) procurement practices, ii) environmental compliance, and iii) occupational health and safety.

Keep your eye on

The issue of labour and recruitment practices has been a key matter for the EMS industry, and has caused sector de-rating in recent months. This is in light of allegations of forced labour and punitive recruitment practices for some of its peers. SKP is currently carrying out a remediation programme with respect to the repayment of recruitment fees previously paid by its migrant workers to agents or other parties. SKP will commission an Independent Third-Party Social Compliance Audit by April 2022.

Implications

SKP complies with all the relevant local labour laws, including minimum wage requirements and overtime practices. SKP also claims to be committed to a zero recruitment fee and forced labour policy, in line with commitments by its largest customers. We believe the findings of the audit report will be a key focus area on the stock, and a positive outcome from the report should also serve as a strong re-rating catalyst for the stock. We have not accounted for any ESG risks into our forecast at this juncture.

ESG highlights

SKP is ranked in the bottom 25% in ESG ratings among public-listed companies that have been assessed by FTSE Russell, lower than its peers ATA IMS Bhd and VS Industry Bhd.

Implications

We believe SKP's relatively low ESG rating vis-a-vis its peers is mainly due to its disclosures, which are relatively lacking. An improvement in disclosures and data collection of key ESG material items could raise its ESG ratings and re-rate valuations, in our view.

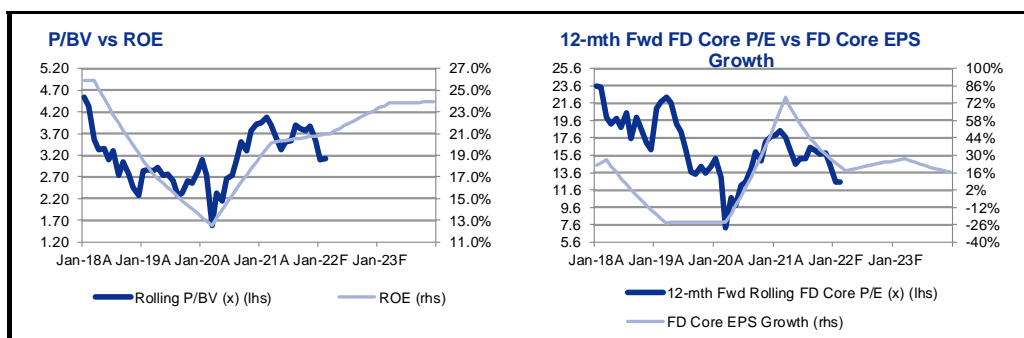
Trends

We note SKP improved participation of local workers in FY21 (up to 36% of its total workforce vs. 28% in FY20). There was also a higher proportion of female workers in its workforce in FY21 (up to 19% in FY21 vs. 15% in FY20).

Implications

Greater participation of local workers and better gender diversity among its workforce are positive developments, in our view, from an ESG standpoint.

SOURCES: CGS-CIMB RESEARCH, REFINITIV

BY THE NUMBERS

Profit & Loss

| (RMm) | Mar-20A | Mar-21A | Mar-22F | Mar-23F | Mar-24F |
|---|--------------|--------------|--------------|--------------|--------------|
| Total Net Revenues | 1,827 | 2,251 | 2,394 | 2,992 | 3,422 |
| Gross Profit | 188 | 267 | 295 | 368 | 421 |
| Operating EBITDA | 120 | 204 | 229 | 286 | 325 |
| Depreciation And Amortisation | -28 | -35 | -31 | -35 | -38 |
| Operating EBIT | 92 | 168 | 199 | 251 | 287 |
| Financial Income/(Expense) | 6 | 3 | 7 | 10 | 10 |
| Pretax Income/(Loss) from Assoc. | 0 | 0 | 0 | 0 | 0 |
| Non-Operating Income/(Expense) | 0 | 0 | 0 | 0 | 0 |
| Profit Before Tax (pre-EI) | 98 | 171 | 206 | 262 | 298 |
| Exceptional Items | 1 | 0 | 0 | 0 | 0 |
| Pre-tax Profit | 99 | 171 | 206 | 262 | 298 |
| Taxation | -25 | -38 | -49 | -63 | -71 |
| Exceptional Income - post-tax | | | | | |
| Profit After Tax | 75 | 133 | 157 | 199 | 226 |
| Minority Interests | 1 | 0 | 0 | 0 | 0 |
| Preferred Dividends | | | | | |
| FX Gain/(Loss) - post tax | | | | | |
| Other Adjustments - post-tax | | | | | |
| Net Profit | 76 | 133 | 157 | 199 | 226 |
| Recurring Net Profit | 75 | 133 | 157 | 199 | 226 |
| Fully Diluted Recurring Net Profit | 75 | 133 | 157 | 199 | 226 |

Cash Flow

| (RMm) | Mar-20A | Mar-21A | Mar-22F | Mar-23F | Mar-24F |
|----------------------------------|---------------|---------------|---------------|---------------|----------------|
| EBITDA | 120.4 | 203.5 | 229.3 | 286.3 | 325.3 |
| Cash Flow from Invt. & Assoc. | | | | | |
| Change In Working Capital | (36.1) | (105.2) | 74.6 | (49.0) | (35.2) |
| (Incr)/Decr in Total Provisions | | | | | |
| Other Non-Cash (Income)/Expense | (0.9) | 1.5 | 0.0 | 0.0 | 0.0 |
| Other Operating Cashflow | 0.8 | 8.3 | 0.0 | 0.0 | 0.0 |
| Net Interest (Paid)/Received | 6.5 | 2.7 | 7.4 | 10.3 | 10.5 |
| Tax Paid | (27.5) | (31.4) | (49.5) | (62.8) | (71.5) |
| Cashflow From Operations | 63.1 | 79.4 | 261.8 | 184.8 | 229.0 |
| Capex | (76.3) | (46.5) | (80.0) | (80.0) | (25.0) |
| Disposals Of FAs/subsidiaries | 1.3 | 0.6 | 0.0 | 0.0 | 0.0 |
| Acq. Of Subsidiaries/investments | 0.0 | (3.1) | 0.0 | 0.0 | 0.0 |
| Other Investing Cashflow | 67.2 | 9.9 | 0.0 | 0.0 | 0.0 |
| Cash Flow From Investing | (7.9) | (39.1) | (80.0) | (80.0) | (25.0) |
| Debt Raised/(repaid) | 0.0 | (2.0) | 0.0 | 0.0 | 0.0 |
| Proceeds From Issue Of Shares | (0.2) | 0.0 | 0.0 | 0.0 | 0.0 |
| Shares Repurchased | | | | | |
| Dividends Paid | (48.0) | (36.6) | (78.3) | (99.4) | (113.2) |
| Preferred Dividends | | | | | |
| Other Financing Cashflow | (1.6) | (0.2) | 0.0 | 0.0 | 0.0 |
| Cash Flow From Financing | (49.8) | (38.7) | (78.3) | (99.4) | (113.2) |
| Total Cash Generated | 5.5 | 1.5 | 103.5 | 5.4 | 90.8 |
| Free Cashflow To Equity | 55.3 | 38.3 | 181.8 | 104.8 | 204.0 |
| Free Cashflow To Firm | 55.5 | 40.6 | 181.8 | 104.8 | 204.0 |

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

| (RMm) | Mar-20A | Mar-21A | Mar-22F | Mar-23F | Mar-24F |
|--------------------------------------|--------------|--------------|--------------|----------------|----------------|
| Total Cash And Equivalents | 181.5 | 172.8 | 276.3 | 281.7 | 372.6 |
| Total Debtors | 358.7 | 338.3 | 426.4 | 532.9 | 609.4 |
| Inventories | 164.1 | 221.5 | 143.8 | 179.8 | 205.5 |
| Total Other Current Assets | 13.8 | 12.2 | 12.2 | 12.2 | 12.2 |
| Total Current Assets | 718.1 | 744.8 | 858.8 | 1,006.6 | 1,199.7 |
| Fixed Assets | 248.5 | 267.3 | 316.7 | 361.7 | 348.9 |
| Total Investments | 6.1 | 5.0 | 5.0 | 5.0 | 5.0 |
| Intangible Assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total Other Non-Current Assets | 29.9 | 31.8 | 31.8 | 31.8 | 31.8 |
| Total Non-current Assets | 284.6 | 304.0 | 353.4 | 398.4 | 385.6 |
| Short-term Debt | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| Current Portion of Long-Term Debt | | | | | |
| Total Creditors | 349.5 | 288.9 | 374.0 | 467.4 | 534.4 |
| Other Current Liabilities | 21.0 | 35.9 | 35.9 | 35.9 | 35.9 |
| Total Current Liabilities | 370.5 | 324.8 | 409.9 | 503.3 | 570.3 |
| Total Long-term Debt | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| Hybrid Debt - Debt Component | | | | | |
| Total Other Non-Current Liabilities | 20.8 | 16.1 | 16.1 | 16.1 | 16.1 |
| Total Non-current Liabilities | 20.9 | 16.1 | 16.1 | 16.1 | 16.1 |
| Total Provisions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total Liabilities | 391.4 | 340.9 | 426.0 | 519.4 | 586.4 |
| Shareholders' Equity | 611.2 | 707.8 | 786.2 | 885.6 | 998.8 |
| Minority Interests | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total Equity | 611.2 | 707.8 | 786.2 | 885.6 | 998.8 |

Key Ratios

| | Mar-20A | Mar-21A | Mar-22F | Mar-23F | Mar-24F |
|---------------------------|---------|---------|---------|---------|---------|
| Revenue Growth | 10.4% | 23.2% | 6.4% | 25.0% | 14.3% |
| Operating EBITDA Growth | (15.2%) | 69.1% | 12.7% | 24.9% | 13.6% |
| Operating EBITDA Margin | 6.59% | 9.04% | 9.58% | 9.57% | 9.51% |
| Net Cash Per Share (RM) | 0.12 | 0.11 | 0.18 | 0.18 | 0.24 |
| BVPS (RM) | 0.39 | 0.45 | 0.50 | 0.57 | 0.64 |
| Gross Interest Cover | 405.2 | 627.7 | N/A | N/A | N/A |
| Effective Tax Rate | 24.7% | 22.2% | 24.0% | 24.0% | 24.0% |
| Net Dividend Payout Ratio | 50.5% | 50.2% | 50.0% | 50.0% | 50.0% |
| Accounts Receivables Days | 67.22 | 56.50 | 58.28 | 58.51 | 61.09 |
| Inventory Days | 28.78 | 35.47 | 31.75 | 22.50 | 23.50 |
| Accounts Payables Days | 68.69 | 58.72 | 57.61 | 58.51 | 61.09 |
| ROIC (%) | 19.6% | 28.8% | 27.7% | 36.7% | 35.5% |
| ROCE (%) | 16.4% | 26.0% | 27.6% | 31.3% | 31.6% |
| Return On Average Assets | 7.4% | 12.8% | 13.4% | 14.6% | 14.6% |

Key Drivers

| | Mar-20A | Mar-21A | Mar-22F | Mar-23F | Mar-24F |
|------------------------------|---------|---------|---------|---------|---------|
| Revenue from major customer | 1,367.4 | 1,813.1 | 1,994.5 | 2,339.5 | 2,703.5 |
| Revenue from other customers | 471.1 | 565.3 | 400.0 | 653.0 | 718.3 |
| Number of units | 3.8 | 4.9 | 5.4 | 6.2 | 6.7 |
| ASP (RM/unit) | 367.3 | 367.3 | 374.6 | 400.8 | - |

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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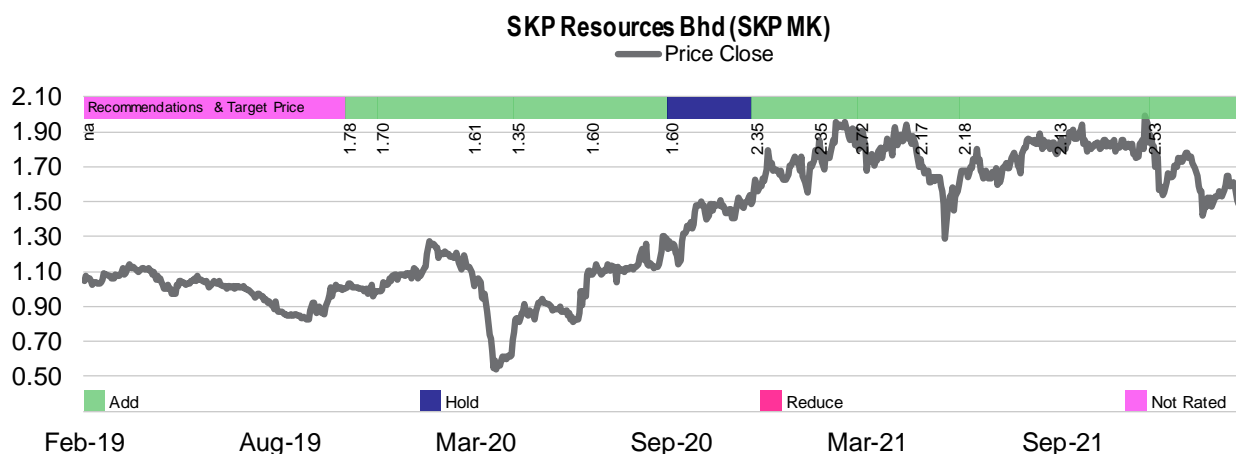
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Spitzer Chart for stock being researched (2 year data)



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.

