

## Hong Kong

**ADD** (no change)

Consensus ratings\*: Buy 1 Hold 0 Sell 0

Current price:	HK\$1.97
Target price:	HK\$3.86
Previous target:	HK\$3.60
Up/downside:	95.9%
CGS-CIMB / Consensus:	na
Reuters:	1979.HK
Bloomberg:	1979 HK
Market cap:	US\$252.0m HK\$1,971m
Average daily turnover:	US\$0.08m HK\$0.65m
Current shares o/s:	1,000m
Free float:	34.5%

\*Source: Bloomberg

**Key changes in this note**

- FY22F/23F revenue decreased by 2.8%/0.6%.
- FY22F/23F GPM decreased by 0.3% pt.
- FY22F/23F EPS increased by 0.3%/2.2%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-6.6	5.9	-16.5
Relative (%)	5.4	13.6	10.7

**Major shareholders**

	% held
Mr. Hung Kwong Yee	65.5
Fidelity China Special Situations Plc	8.0

**Analyst**

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# Ten Pao Group

## Solid FY22F outlook on SCS demand

- FY21 net profit rose 31% yoy, driven by 42% revenue growth and 170bp GPM decline.
- FY22F revenue could grow 16.5%, underpinned by strong order growth for SCS for power tools and new product launches for EV battery suppliers.
- Reiterate Add. Ten Pao trades at an attractive 4.4x FY22F P/E, in our view. Our TP of HK\$3.86 is based on 7x FY23F P/E, on par with its peers.

**FY21 net profit rose 31% on robust revenue growth of 42%**

Ten Pao's FY21 net profit rose 31% yoy to HK\$379m, 6% above our estimate due to tax benefits. 2H21 revenue growth decelerated to +12% yoy (+88% yoy in 1H21) and profitability decreased due to global supply chain constraints and higher logistics costs. FY21 revenue rose 42% yoy to HK\$6.4bn, driven by switching power supply units (SPS, for consumer electronics, +40% yoy) and smart chargers and controllers (SCS, for power tools, +44%yoy) and new product launches for new energy applications such as jump starters, energy storage devices and portable chargers etc. FY21 GPM declined by 170bp yoy to 16.7% (2H21 GPM dropped 90bp hoh to 16.2%) on the back of a surge in raw material price and increase in labour costs.

**Expanding capacity to meet robust customer demand**

Ten Pao is expanding its production capacity in China to meet fast-growing customers' demand and explore business opportunities in the new energy segment. Dazhou factory phase II expansion was completed in 1H21, significantly boosting capacity for smartphone fast chargers (mainly for Oppo/Vivo). Meanwhile, new capacity at Huizhou production facilities, i.e. its headquarters, is scheduled to commence production in 2H22F. The Vietnam factory started mass production for power tool customers in FY21. Ten Pao plans to double capacity in Vietnam for overseas customers due to rising orders from existing customers and new customer wins.

**FY22F revenue to rise 17% yoy on strong orders for SCS**

We project FY22F revenue to rise 17% yoy, underpinned by strong order growth for SCS power tools and new product launches such as on-board charger (OBC) for EV battery suppliers. We believe Oppo/Vivo orders should remain resilient in FY22F, thanks to continuous fast charging technology upgrades from 30/65mAh to 45-80mAh. We expect FY22F GPM to decline 30bp yoy to 16.3% due to higher material and component costs. We lift our FY22F-23F EPS by 0.3-2.2% due to stronger growth in SCS but weaker SPS.

**Reiterate Add with a higher target price of HK\$3.86**

We reiterate our Add call due to cheap valuation of 4.4x FY22F P/E (22% EPS CAGR in FY21-24F) and stable demand growth for smartphone fast chargers. We lift our TP to HK\$3.86 to reflect EPS revisions and rollover to FY23F, based on 7x FY23F P/E, on par with small-size handset components makers. Re-rating catalysts include stable materials costs and ramp up of its Vietnam factory. Downside risk: sustained supply chain constraints and strong RMB/US appreciation.

**Financial Summary**

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue (HK\$m)	4,489	6,363	7,411	8,963	10,742
Operating EBITDA (HK\$m)	477	537	693	889	1,046
Net Profit (HK\$m)	289.1	378.6	450.9	551.7	699.0
Normalised EPS (HK\$)	0.29	0.38	0.45	0.55	0.70
Normalised EPS Growth	67.1%	29.7%	18.4%	22.4%	26.7%
FD Normalised P/E (x)	6.71	5.18	4.37	3.57	2.82
DPS (HK\$)	0.09	0.11	0.13	0.16	0.21
Dividend Yield	4.3%	5.7%	6.8%	8.4%	10.6%
EV/EBITDA (x)	3.59	4.12	2.94	2.05	1.43
P/FCFE (x)	4.54	7.66	5.94	4.75	3.48
Net Gearing	(25.6%)	17.4%	3.4%	(8.1%)	(19.7%)
P/BV (x)	1.97	1.52	1.22	0.99	0.80
ROE	34.6%	33.2%	31.0%	30.6%	31.4%
% Change In Normalised EPS Estimates			0.27%	2.21%	
Normalised EPS/consensus EPS (x)					

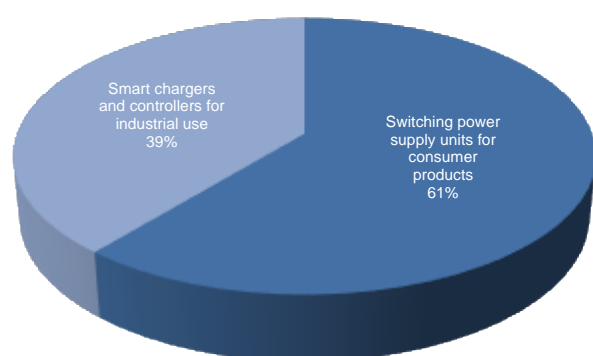
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## Solid FY22F outlook on SCS demand

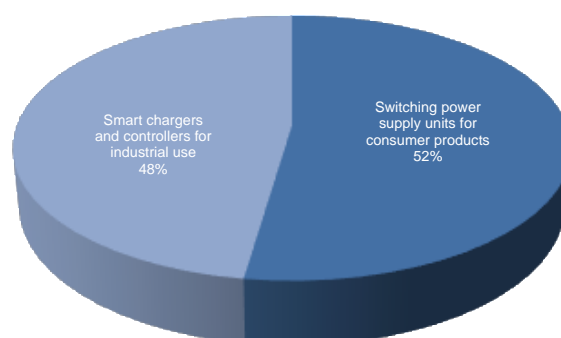
**Figure 1: Results comparison**

FYE Dec 31 (HK\$ m)	2HFY21	2HFY20	yoy % chg	hoh % chg	2HFY21 Cum	2HFY20 Cum	yoy % chg	Prev. FY21F	Comments
Revenue	3,046	2,725	11.8	(8.1)	6,363	4,489	41.8	6,454	FY21 revenue rose 42% yoy to HK\$6.4bn, driven by switching power (+40% yoy) and smart chargers and controllers (+44% yoy). FY21 GPM declined by 170bp yoy to 16.7% due to tight supply of raw materials and surging of electronic components.
Operating costs	(2,811)	(2,392)	17.5	(6.7)	(5,826)	(4,012)	45.2	(5,880)	
EBITDA	235	333	(29.4)	(22.2)	537	477	12.5	574	
EBITDA margin (%)	7.7	12.2			8.4	10.6		9	
Depn & amort.	(61)	(48)	26.9	22.9	(111)	(84)	31.5	(111)	
EBIT	174	285	(38.9)	(31.0)	426	393	8.5	463	
Interest expense	(3)	(3)	5.3	(37.1)	(7)	(7)	3.9	(9)	
Interest & invt inc	40	(21)		11,598.6	41	(7)	670.0	11	
Associates' contrib	-	-	N/M	N/M	-	-	N/M	-	
Exceptionals	(1)	(3)	N/M	-	(2)	(5)	N/M	1	
<b>Pretax profit</b>	<b>210</b>	<b>258</b>	<b>(18.4)</b>	<b>(14.7)</b>	<b>457</b>	<b>374</b>	<b>22.2</b>	<b>466</b>	
Tax	(15)	(64)	(76.7)	(72.1)	(68)	(85)	(19.6)	(102)	
Tax rate (%)	7.1	24.9	-	-	15.0	22.8		22	Taxation rate lower due to preferential tax treatment benefit.
Minority interests	(5)	0	N/M	N/M	(10)	0	nm	(6)	
<b>Net profit</b>	<b>190</b>	<b>194</b>	<b>(1.9)</b>	<b>1.1</b>	<b>379</b>	<b>289</b>	<b>31.0</b>	<b>357</b>	FY21 net profit increased by 31% yoy to HK\$378.6m, 6% higher than our estimate, mainly due to lower taxation rate.
<b>Core net profit</b>	<b>191</b>	<b>197</b>	<b>(3.0)</b>	<b>0.9</b>	<b>381</b>	<b>294</b>	<b>29.7</b>	<b>356</b>	
EPS (HK\$)	19.0	19.4	(1.9)	1.1	37.8	28.9	31.0	35.7	
Core EPS (HK\$)	19.1	19.7	(3.0)	0.9	38.1	29.3	29.7	35.6	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 2: Revenue breakdown by product categories (FY21)**


SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 3: Gross profit breakdown by product categories (FY21)**


SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 4: Revenue growth assumptions, breakdown by applications (FY18 – 24F)**

FYE Dec	Dec-18A	Dec-19A	Dec-20A	1H21	2H21	Dec-21A	Dec-22F	Dec-23F	Dec-24F
<b>Revenue yoy % change</b>									
<b>Switching power supply units for consumer products</b>	<b>-4%</b>	<b>6%</b>	<b>21%</b>	<b>91%</b>	<b>9%</b>	<b>40%</b>	<b>11%</b>	<b>18%</b>	<b>16%</b>
Telecommunications equipment	-8%	0%	39%	128%	11%	55%	6%	12%	15%
Media and entertainment equipment	-16%	-18%	30%	30%	-3%	11%	10%	10%	10%
Home electrical appliances	16%	3%	-34%	-19%	-20%	-19%	3%	15%	15%
Lighting	49%	46%	-1%	61%	-3%	17%	-5%	22%	20%
Others	-5%	94%	46%	136%	75%	95%	85%	50%	20%
<b>Smart chargers and controllers for industrial use</b>	<b>35%</b>	<b>28%</b>	<b>27%</b>	<b>84%</b>	<b>16%</b>	<b>44%</b>	<b>25%</b>	<b>25%</b>	<b>25%</b>
<b>Total revenue</b>	<b>6%</b>	<b>14%</b>	<b>23%</b>	<b>88%</b>	<b>12%</b>	<b>42%</b>	<b>16%</b>	<b>21%</b>	<b>20%</b>
<b>Weighting (%)</b>									
<b>Switching power supply units for consumer products</b>	<b>67%</b>	<b>63%</b>	<b>62%</b>	<b>61%</b>	<b>61%</b>	<b>61%</b>	<b>58%</b>	<b>57%</b>	<b>55%</b>
Telecommunications equipment	36%	31%	35%	41%	36%	39%	35%	33%	31%
Media and entertainment equipment	12%	8%	9%	7%	7%	7%	7%	6%	5%
Home electrical appliances	8%	7%	4%	2%	2%	2%	2%	2%	2%
Lighting	10%	13%	10%	7%	10%	8%	7%	7%	7%
Others	2%	3%	3%	4%	6%	5%	8%	9%	9%
<b>Smart chargers and controllers for industrial use</b>	<b>33%</b>	<b>37%</b>	<b>38%</b>	<b>39%</b>	<b>39%</b>	<b>39%</b>	<b>42%</b>	<b>43%</b>	<b>45%</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 5: Earnings revisions**

FYE 31 Dec (HK\$ m)	Dec-21A	Dec-22F			Dec-23F			Dec-24F		
		Old	New	% chg	Old	New	% chg	Old	New	% chg
Revenue	6,363	7,624	7,411	-2.8%	9,015	8,963	-0.6%	n.a.	10,742	n.a.
Gross profit	1,060	1,286	1,226	-4.7%	1,578	1,542	-2.3%	n.a.	1,885	n.a.
Gross profit margin	16.7%	16.9%	16.5%	-0.3% pts	17.5%	17.2%	-0.3% pts	n.a.	17.6%	n.a.
EBITDA	553	708	725	2.5%	840	896	6.7%	n.a.	1,054	n.a.
Net profit	379	450	451	0.3%	540	552	2.2%	n.a.	699	n.a.
EPS (HK\$)	0.378	0.45	0.451	0.3%	0.54	0.551	2.2%	n.a.	0.699	n.a.

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 6: Peers comparison**

Company	Bloomberg Ticker	Recom.	Price		Market Cap (US\$ m)	core P/E (x)			P/BV (x)		Recurring ROE (%)		EV/EBITDA (x)		Dividend Yield (%)	
			(local curr)	(local curr)		CY2021F	CY2022F	CY2023F	CY2021F	CY2022F	CY2021F	CY2022F	CY2021F	CY2022F	CY2021F	CY2022F
Ten Pao	1979 HK	Add	1.97	3.86	252	5.2	4.4	3.6	1.5	1.2	33.2%	31.0%	4.1	2.9	5.7%	6.8%
<b>Switching power supply manufacturers</b>																
Chicony Power	6412 TT	Not Rated	89.00	N/A	2,342	n.a.	9.7	8.9	2.0	1.9	22.0%	23.7%	n.a.	5.3	n.a.	7.3%
Delta Electronics Inc	2308 TT	Not Rated	256.00	N/A	23,481	26.8	21.7	18.3	4.6	3.7	17.8%	17.5%	n.a.	12.6	2.0%	2.5%
Liteon Tech	2301 TT	Not Rated	65.50	N/A	5,437	10.8	11.3	10.5	2.0	1.8	19.0%	16.9%	6.7	5.5	7.1%	6.7%
Cosel Co Ltd	6905 JP	Not Rated	809.0	N/A	243	33.1	15.0	13.1	0.9	0.7	2.8%	4.6%	2.9	3.2	1.7%	2.5%
<b>Average</b>						<b>23.5</b>	<b>14.4</b>	<b>12.7</b>	<b>2.4</b>	<b>2.0</b>	<b>15.4%</b>	<b>15.7%</b>	<b>4.8</b>	<b>6.6</b>	<b>3.6%</b>	<b>4.7%</b>
<b>Handset component makers - smaller sized market cap</b>																
Cowell e	1415 HK	Add	7.47	14.17	797	14.7	9.4	6.9	2.4	2.0	18.7%	23.1%	7.5	5.6	1.0%	1.6%
TK Group	2283 HK	Add	2.17	4.75	231	5.9	4.6	3.8	1.1	1.0	20.3%	22.7%	1.7	0.9	6.8%	8.8%
Tongda Group	698 HK	Hold	0.12	0.28	152	2.3	2.3	1.9	0.1	0.1	5.6%	6.5%	2.1	1.6	6.5%	6.4%
<b>Average</b>						<b>7.6</b>	<b>5.4</b>	<b>4.2</b>	<b>1.2</b>	<b>1.0</b>	<b>14.9%</b>	<b>17.4%</b>	<b>3.7</b>	<b>2.7</b>	<b>4.8%</b>	<b>5.6%</b>

SOURCES: CGS-CIMB RESEARCH, BLOOMBERG (PRICE AS AT 18 MAR 2022)



## ESG in a nutshell

Ten Pao Group (Ten Pao) is diligent in taking measures with respect to environmental protection and the mitigation of pollution in various production and operation activities. This should bring long-term value to stakeholders. In order to maintain effective operation of the environmental management system, the company will engage its internal audit team to conduct environmental operation monitoring and examination. The company monitors the key features of activities which may cause significant environmental impact and draws up an annual plan to alleviate such pollution.

In our view, Ten Pao is not involved in environmentally-detrimental industry practices and takes effort to minimise the environmental impact of its operations.

### Keep your eye on

Based on the environmental management system ISO 14001:2015, the company has established its own environmental management system and derived a number of environmental protection policies.

### Implications

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

### ESG highlights

Ten Pao's ESG policies include formulation of energy conservation plan and target, quantification and monitoring of emission projects, proactive use of renewable energy and requiring all employees to follow the relevant policies and adopt the measures to achieve the goal of energy conservation and emission reduction.

### Implications

Ten Pao is working to introduce renewable energy. In 2013, the company built a solar energy system, which was placed on the rooftops of the production building and the idle outdoor areas of the Huizhou production base, as a means to harness clean energy.

During the reporting period, 6% of the total energy consumption was reduced while over 26% reduction of energy consumption intensity was concluded.

### Trends

During the reporting period in FY20, the company energy and water consumption have shown improvement while total emissions and waste produced have shown incremental improvement.

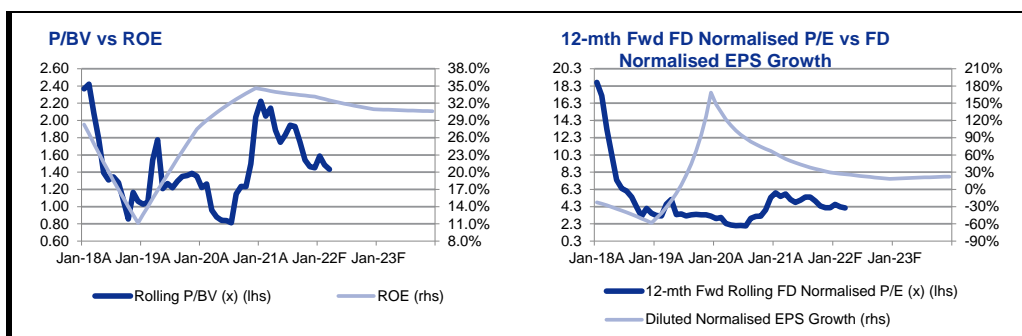
### Implications

Ten Pao works to introduce renewable energy. In 2013, the company built a solar energy system, which was placed on the rooftops of the production building and the idle outdoor areas of the Huizhou production base, as a means to harness clean energy.

During the reporting period, 6% of the total energy consumption was reduced while over 26% reduction of energy consumption intensity was concluded.

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORT

## BY THE NUMBERS



### Profit & Loss

(HK\$m)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
<b>Total Net Revenues</b>	<b>4,489</b>	<b>6,363</b>	<b>7,411</b>	<b>8,963</b>	<b>10,742</b>
<b>Gross Profit</b>	<b>827</b>	<b>1,060</b>	<b>1,226</b>	<b>1,542</b>	<b>1,885</b>
<b>Operating EBITDA</b>	<b>477</b>	<b>537</b>	<b>693</b>	<b>889</b>	<b>1,046</b>
Depreciation And Amortisation	(84)	(111)	(160)	(172)	(133)
<b>Operating EBIT</b>	<b>393</b>	<b>426</b>	<b>532</b>	<b>717</b>	<b>913</b>
Financial Income/(Expense)	(7)	(5)	(4)	(2)	(0)
Pretax Income/(Loss) from Assoc.	0	0	0	0	0
Non-Operating Income/(Expense)	(8)	38	38	12	13
<b>Profit Before Tax (pre-EI)</b>	<b>378</b>	<b>459</b>	<b>567</b>	<b>727</b>	<b>926</b>
Exceptional Items	(5)	(2)	0	0	0
<b>Pre-tax Profit</b>	<b>374</b>	<b>457</b>	<b>567</b>	<b>727</b>	<b>926</b>
Taxation	(85)	(68)	(108)	(160)	(204)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>289</b>	<b>389</b>	<b>459</b>	<b>567</b>	<b>722</b>
Minority Interests	0	(10)	(8)	(15)	(23)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Preference Dividends (Australia)					
<b>Net Profit</b>	<b>289</b>	<b>379</b>	<b>451</b>	<b>552</b>	<b>699</b>
Normalised Net Profit	293	391	459	567	722
<b>Fully Diluted Normalised Profit</b>	<b>294</b>	<b>381</b>	<b>451</b>	<b>552</b>	<b>699</b>

### Cash Flow

(HK\$m)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
<b>EBITDA</b>	<b>477.0</b>	<b>536.8</b>	<b>692.6</b>	<b>889.0</b>	<b>1,046.0</b>
Cash Flow from Inv. & Assoc.					
Change In Working Capital	101.9	(266.2)	(69.8)	(114.7)	(128.6)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	65.3	40.1	42.3	14.5	62.9
Net Interest (Paid)/Received	(6.6)	(4.5)	(4.0)	(2.4)	(0.3)
Tax Paid	(85.2)	(68.5)	(107.6)	(159.8)	(203.6)
<b>Cashflow From Operations</b>	<b>552.4</b>	<b>237.7</b>	<b>553.4</b>	<b>626.6</b>	<b>776.4</b>
Capex	(268.7)	(250.0)	(250.0)	(250.0)	(250.0)
Disposals Of FAs/subsidiaries	5.6	0.0	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	(3.7)	0.0	0.0	0.0	0.0
Other Investing Cashflow					
<b>Cash Flow From Investing</b>	<b>(266.8)</b>	<b>(250.0)</b>	<b>(250.0)</b>	<b>(250.0)</b>	<b>(250.0)</b>
Debt Raised/(repaid)	148.8	269.6	28.1	38.7	40.5
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	(58.0)	(113.1)	(134.6)	(164.7)	(208.7)
Preferred Dividends					
Other Financing Cashflow	(127.2)	0.0	0.0	0.0	0.0
<b>Cash Flow From Financing</b>	<b>(36.5)</b>	<b>156.6</b>	<b>(106.5)</b>	<b>(126.1)</b>	<b>(168.2)</b>
Total Cash Generated	249.2	144.3	196.9	250.6	358.2
<b>Free Cashflow To Equity</b>	<b>434.4</b>	<b>257.4</b>	<b>331.5</b>	<b>415.3</b>	<b>566.9</b>
<b>Free Cashflow To Firm</b>	<b>292.9</b>	<b>(4.8)</b>	<b>311.0</b>	<b>384.5</b>	<b>534.8</b>

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	565	352	552	808	1,174
Total Debtors	1,217	1,300	1,514	1,831	2,195
Inventories	1,040	1,150	1,342	1,610	1,921
Total Other Current Assets	1	1	1	1	1
<b>Total Current Assets</b>	<b>2,823</b>	<b>2,803</b>	<b>3,409</b>	<b>4,251</b>	<b>5,292</b>
Fixed Assets	585	1,074	1,164	1,242	1,309
Total Investments	0	0	0	0	0
Intangible Assets	11	12	12	12	12
Total Other Non-Current Assets	213	276	276	276	276
<b>Total Non-current Assets</b>	<b>809</b>	<b>1,362</b>	<b>1,452</b>	<b>1,530</b>	<b>1,597</b>
Short-term Debt	143	240	369	408	448
Current Portion of Long-Term Debt	80	102	0	0	0
Total Creditors	2,091	2,018	2,354	2,825	3,371
Other Current Liabilities	85	97	96	117	145
<b>Total Current Liabilities</b>	<b>2,398</b>	<b>2,456</b>	<b>2,819</b>	<b>3,350</b>	<b>3,964</b>
Total Long-term Debt	86	238	238	238	238
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	59	71	83	101	121
<b>Total Non-current Liabilities</b>	<b>145</b>	<b>309</b>	<b>321</b>	<b>338</b>	<b>358</b>
Total Provisions	88	92	92	92	92
<b>Total Liabilities</b>	<b>2,632</b>	<b>2,857</b>	<b>3,231</b>	<b>3,780</b>	<b>4,414</b>
Shareholders' Equity	1,002	1,296	1,617	1,988	2,462
Minority Interests	(1)	13	13	13	13
<b>Total Equity</b>	<b>1,001</b>	<b>1,309</b>	<b>1,630</b>	<b>2,001</b>	<b>2,475</b>

### Key Ratios

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue Growth	23.4%	41.8%	16.5%	20.9%	19.8%
Operating EBITDA Growth	61.2%	12.5%	29.0%	28.4%	17.7%
Operating EBITDA Margin	10.6%	8.4%	9.3%	9.9%	9.7%
Net Cash Per Share (HK\$)	0.26	(0.23)	(0.05)	0.16	0.49
BVPS (HK\$)	1.00	1.30	1.62	1.99	2.46
Gross Interest Cover	54.5	56.9	70.7	90.8	108.8
Effective Tax Rate	22.8%	15.0%	19.0%	22.0%	22.0%
Net Dividend Payout Ratio	29.0%	29.7%	29.9%	29.9%	29.9%
Accounts Receivables Days	84.97	72.18	69.30	68.11	68.58
Inventory Days	80.69	75.38	73.52	72.57	72.96
Accounts Payables Days	165.2	141.4	129.0	127.3	128.0
ROIC (%)	37.8%	35.8%	23.5%	28.9%	33.7%
ROCE (%)	34.0%	25.4%	24.9%	28.5%	30.8%
Return On Average Assets	10.2%	10.1%	10.2%	10.7%	11.4%

### Key Drivers

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Switching power supply units rev (yoy chg %)	21.5%	40.3%	11.0%	18.0%	15.9%
Smart chargers and controllers rev (yoy chg %)	26.7%	44.1%	25.0%	25.0%	25.0%
Switching power supply units GPM (%)	16.3%	14.3%	13.0%	13.8%	13.9%
Smart chargers and controllers GPM (%)	21.9%	20.4%	21.5%	21.7%	22.0%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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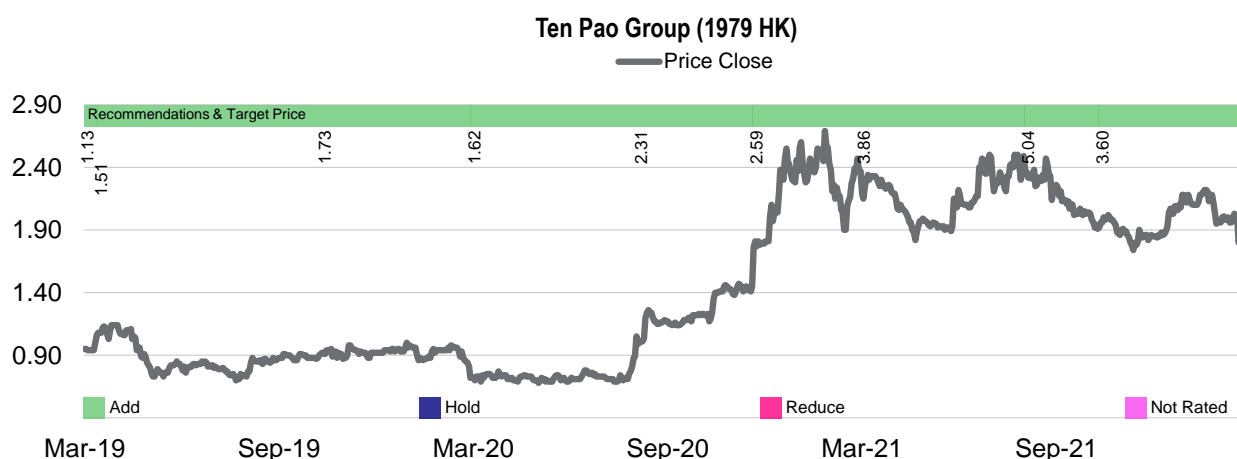
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Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2021		
619 companies under coverage for quarter ended on 31 December 2021		
	Rating Distribution (%)	Investment Banking clients (%)
Add	71.1%	1.5%
Hold	21.8%	0.0%
Reduce	7.1%	0.0%

Spitzer Chart for stock being researched ( 2 year data )



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

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

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

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

**Recommendation Framework**

**Stock Ratings**

Definition:

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

*The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.*

**Sector Ratings**

Definition:

Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

**Country Ratings**

Definition:

Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.

