

## Malaysia

### ADD (no change)

Consensus ratings\*: Buy 11 Hold 4 Sell 0

Current price:	RM3.10
Target price:	RM4.00
Previoustarget:	RM3.90
Up/downside:	29.1%
CGS-CIMB / Consensus:	8.6%
Reuters:	UMWS.KL
Bloomberg:	UMWH MK
Market cap:	US\$861.8m
	RM3,622m
Average daily turnover:	US\$0.16m
	RM0.69m
Current shares o/s:	1,153m
Free float:	37.8%
*Source: Bloomberg	

#### Key changes in this note

- Raise FY22F EPS by 12.7%.
- Raise FY23F EPS by 2.6%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	8.4	-2.5	7.6
Relative (%)	2.9	-7.4	7

Major shareholders	% held
Permodalan Nasional Bhd	42.1
EPF	12.0
KWAP	8.0

#### Analyst(s)


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# UMW Holdings

## Supercharged growth in 4Q21

- FY21 core net profit trumped our estimate and consensus by 24% and 49%, respectively, due to better-than-expected sales and margin recovery in 4Q21.
- We expect 12% yoy sales volume growth for UMWT and Perodua in FY22F, driven by healthy order backlog and sales tax holiday, to drive EPS growth.
- Raise FY22-23F EPS by 3-13%. Reiterate Add with a higher RM4.00 TP.

### Supercharged growth from Auto segment in 4Q21

Revenue in 4Q21 surged 80.8% qoq to RM3.6bn mainly due to higher contribution from the automotive division on the back the ongoing sales tax holiday and easing of Covid-19 restrictions as the previous quarter was affected by the full movement control order. UMW-Toyota (UMWT) sales volume in 4Q21 jumped 2.2x qoq to 26,276 units. Stripping out exceptional items such as loss on sale of investment and reversal of impairment, UMW posted RM233m core net profit in 4Q21 against RM47.7m core net loss in 3Q21. The group also declared a 5.8 sen/share final DPS during the quarter, broadly in line with our expectation of 6 sen/share.

### FY21 core net profit fell by 9% yoy

Revenue surged 15.8% yoy in FY21 to RM11bn, mainly due to higher contributions from the automotive and equipment divisions, which grew 21% and 16% yoy, respectively. UMW-Toyota's (UMWT) sales volume rose 22% yoy in FY21 to 72,394 units, outperforming the total industry volume which fell 4% yoy. In addition, UMWT also successfully overtook Honda as the leading player in the non-national segment in 2021. Meanw hile, Perodua registered a 13.6% yoy drop in FY21 sales volume, due to semi chip shortages and disruption at its vendors due to positive Covid-19 cases. The group also incurred positive tax charges in FY21, mainly due to the recognition of RM140m deferred tax assets in 4Q21 arising from the approved investment tax allowance. Overall, UMW posted a low er RM259m core net profit in FY21 (vs. RM285m core net profit in FY20).

### Riding the economic recovery in FY22F

We expect UMWT and Perodua to deliver higher sales volume in 2022F, driven by new model launches and outstanding order backlog, supported by an improving semi chips supply situation. We gathered from the management that UMWT has over 30k order backlog, w hich translates into about four months w aiting period. Meanw hile, Perodua has set an ambitious sales target of 247.8k units (+30% yoy) in FY22F on the back of new launches such as Myvi, Aruz, Axia facelifts and potentially one new model.

### Raise FY22-23F EPS: Reiterate Add with a higher RM4.00 TP

We raise our FY22-23F EPS by 3-13% to reflect better margin delivery from automotive. Reiterate Add with a higher RM4.00 TP, still based on 14x CY23F P/E, in line with the auto sector target P/E. UMW trades at 10.9x CY23F P/E, about 1 s.d. below its 3-year mean of 15.5x, and 0.85x CY22F P/BV, below its net asset value of RM3.52/share as at end-Dec 2021. The stock also offers a decent 2.6-3.2% FY22-24F dividend yield.

Financial Summary	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue (RMm)	9,555	11,061	11,927	12,684	13,550
Operating EBITDA (RMm)	712.0	627.0	885.7	893.4	940.7
Net Profit (RMm)	204.6	268.2	287.3	331.6	357.4
Core EPS (RM)	0.24	0.22	0.25	0.28	0.31
Core EPS Growth	1.3%	(9.1%)	10.9%	15.4%	7.8%
FD Core P/E (x)	12.71	13.98	12.61	10.92	10.13
DPS (RM)	0.040	0.058	0.080	0.090	0.100
Dividend Yield	1.29%	1.87%	2.58%	2.90%	3.23%
EV/EBITDA (x)	9.25	9.66	7.80	7.79	7.46
P/FCFE (x)	3.47	12.68	NA	3.78	3.66
Net Gearing	6.47%	(3.08%)	5.91%	3.43%	1.12%
P/BV (x)	0.94	0.88	0.85	0.82	0.79
ROE	7.53%	6.49%	6.88%	7.68%	7.97%
% Change In Core EPS Estimates			12.7%	2.6%	
CGS-CIMB/Consensus EPS (x)			0.98	1.00	0.99

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## Key catalysts and risks >

We see a higher take-up for new launches, potential extension of sales tax holiday, introduction of new CKD models, and the strengthening of the ringgit vs. US\$ as potential re-rating catalysts. Delays in new CKD launches, drag from its equipment and M&E divisions, and a weakening ringgit vs. US\$ are key downside risks to our call.

**Figure 1: Results comparison**

FYE Dec (RM m)	4Q21	4Q20	yoy %	3Q21	qoq %	4Q21	4Q20	yoy %	Prev.	Comments
			chg		chg	Cum	Cum	chg	FY21F	
Revenue	3,645	3,242	12.4	2,016	80.8	11,061	9,555	15.8	10,463	Higher yoy vehicles sales volume from UMW-Toyota
Operating costs	(3,434)	(2,949)	16.5	(1,894)	81.3	(10,453)	(8,843)	18.2	(9,639)	
<b>EBITDA</b>	<b>211</b>	<b>293.5</b>	<b>(28.1)</b>	<b>122</b>	<b>72.6</b>	<b>608</b>	<b>711</b>	<b>(14.6)</b>	<b>823</b>	<b>Below expectation</b>
EBITDA margin (%)	5.8	9.1		6.1		5.5	7.4		7.9	
Depn & amort.	(92)	(97)	(5.1)	(84)	10.0	(344)	(374)	(8.2)	(365)	
<b>EBIT</b>	<b>118.9</b>	<b>196.3</b>	<b>(39.4)</b>	<b>38.5</b>	<b>&gt; 100</b>	<b>264.0</b>	<b>337.0</b>	<b>(21.7)</b>	<b>458.8</b>	
Interest expense	(30)	(29)	2.0	(25)	17.1	(108)	(116)	(6.4)	(105)	Total borrowings of RM2.7bn as at end-Dec 2021
Interest & invt inc	14	14	2.6	9	55.6	50	55	(10.1)	51	Total cash of RM2.9bn as at end-Dec 2021
Associates' contrib	161	108	49.5	(6)	> 100	268	204	31.3	192	Higher contribution from Perodua
Exceptionals	7	(52)	> 100	(0)	> 100	9	(80)	> 100	0	Reversal of impairment on receivables and gain on disposal
<b>Pretax profit</b>	<b>271</b>	<b>237</b>	<b>14.4</b>	<b>16</b>	<b>&gt; 100</b>	<b>483</b>	<b>401</b>	<b>20.5</b>	<b>598</b>	<b>Below expectation</b>
Tax	109	(26)	> 100	(26)	> 100	33	(78)	> 100	(161)	Below expectation
Tax rate (%)	(40.3)	11.1		158.0		(6.8)	19.4		27.0	
Minority interests	(140)	(73)	91.9	(38)	> 100	(247)	(118)	> 100	(227)	
Net profit	240	137	74.6	(47.9)	> 100	268	205	31.1	210	
<b>Core net profit</b>	<b>233</b>	<b>189</b>	<b>23.3</b>	<b>(47.7)</b>	<b>&gt; 100</b>	<b>259</b>	<b>285</b>	<b>(9.1)</b>	<b>210</b>	<b>Above expectation</b>
EPS (sen)	20.5	11.8	74.6	(4.1)	> 100	23.0	17.5	31.1	17.9	FY21 core net profit were 24% above CGS-CIMB and
Core EPS (sen)	20.0	16.2	23.3	(4.1)	> 100	22.2	24.4	(9.1)	17.9	49% above Bloomberg consensus full-year estimates
DPS (sen)	5.8	4.0	45.0	-	n.m.	5.8	4.0	45.0	6.0	In line

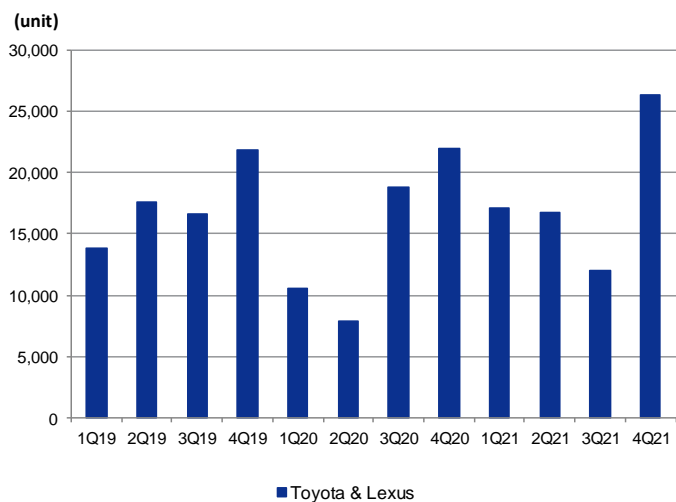
SOURCES: CIMB RESEARCH, COMPANY REPORTS

**Figure 2: Revenue and pre-tax profit breakdown**

Revenue (RM m)	4Q21	4Q20	yoy %	3Q21	qoq %	4Q21	4Q20	yoy %	
			chg		chg	Cum	Cum	chg	
Automotive	3,062	2,668	14.7	1,591	92.5	9,030	7,484	20.7	UMW-Toyota sales volume rose 20% yoy and 2.2x qoq
Equipment	365	318	14.8	316	15.6	1,313	1,137	15.5	
Manufacturing & Engineering	256	244	4.8	110	132.1	726	918	(20.9)	Lower Aerospace fan case shipment volume
Others	(38)	12	> 100	(1)	> 100	(9)	15	> 100	
<b>Total</b>	<b>3,645</b>	<b>3,242</b>	<b>12.4</b>	<b>2,016</b>	<b>80.8</b>	<b>11,061</b>	<b>9,555</b>	<b>15.8</b>	
PBT (RM m)	4Q21	4Q20	yoy %	3Q21	qoq %	4Q21	4Q20	yoy %	
			chg		chg	Cum	Cum	chg	
Automotive	269	191	40.9	27	> 100	477	335	42.5	Driven by recovery in 4Q21
Equipment	29	19	56.4	24	19.0	107	103	4.0	
Manufacturing & Engineering	12	23	(48.7)	8	42.9	22	62	(64.0)	
Others	(39)	5	> 100	(43)	(10.7)	(123)	(98)	25.1	
<b>Total</b>	<b>271</b>	<b>237</b>	<b>14.4</b>	<b>16</b>	<b>&gt; 100</b>	<b>483</b>	<b>401</b>	<b>20.5</b>	

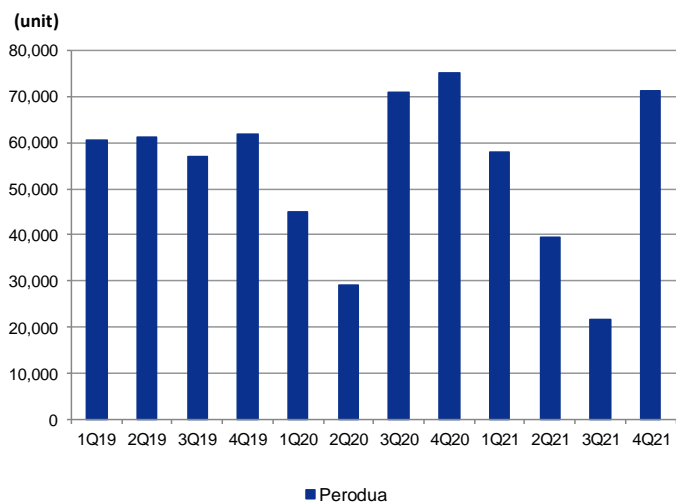
SOURCES: CIMB RESEARCH, COMPANY REPORTS

**Figure 3: Historical UMWT sales volume**



SOURCES: CIMB RESEARCH, COMPANY REPORTS

**Figure 4: Historical Perodua sales volume**



SOURCES: CIMB RESEARCH, COMPANY REPORTS

**Figure 5: UMW's 1-year forward P/E(x)**



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 6: Earnings revision**

	Previous			Revised			Changes		
	2022F	2023F	2024F	2022F	2023F	2024F	2022F	2023F	2024F
Revenue	11,788	12,471	na	11,927	12,684	13,550	1.2%	1.7%	na
EBITDA	907	948	na	886	893	941	-2.4%	-5.7%	na
Pretax Profit	714	767	na	725	729	772	1.5%	-4.9%	na
Net Profit	255	323	na	287	332	357	12.7%	2.6%	na
EPS	22	28	na	25	28	31	12.7%	2.6%	na

SOURCES: CIMB RESEARCH, COMPANY REPORTS

Figure 7: Sector comparison

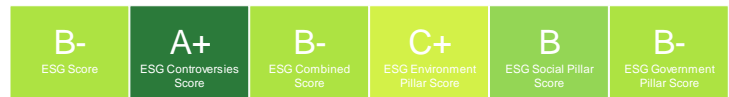
Company	Ticker	Recom.	Price (RM)	Target Price (RM)	Mkt Cap (US\$ m)	P/E (x)		P/BV (x)		Recurring ROE (%)		EV/EBITDA (x)		Dividend Yield (%)	
						CY22F	CY23F	CY22F	CY23F	CY22F	CY23F	CY22F	CY23F	CY22F	CY23F
Bermaz Auto Berhad	BAUTO MK	Add	1.86	1.90	514	15.2	13.7	3.1	2.8	21.6%	21.4%	8.0	7.1	3.9%	4.2%
DRB-Hicom	DRB MK	Add	1.46	1.70	672	16.6	12.6	0.4	0.4	2.3%	3.0%	4.4	3.9	0.0%	0.0%
Tan Chong Motor Holdings	TCM MK	Reduce	1.11	0.97	172	na	225.3	0.3	0.3	-0.3%	0.1%	9.0	8.2	0.9%	0.9%
UMW Holdings	UMWH MK	Add	3.10	4.00	862	12.6	10.9	0.9	0.8	6.9%	7.7%	7.7	7.7	2.6%	2.9%
Sime Darby Bhd	SIME MK	Add	2.31	2.55	3,743	13.3	13.5	1.0	0.9	7.3%	7.0%	4.4	4.2	4.5%	3.7%
<b>Sector average</b>						<b>14.1</b>	<b>13.3</b>	<b>0.8</b>	<b>0.8</b>	<b>5.7%</b>	<b>5.9%</b>	<b>5.1</b>	<b>4.8</b>	<b>3.6%</b>	<b>3.1%</b>

SOURCES: CIMB RESEARCH, COMPANY REPORTS

## ESG in a nutshell



### Refinitiv ESG Scores



UMW Holdings is ranked in top 26-50% in ESG Ratings among FBM EMAS PLCs by FTSE Russell. UMW Holdings has four pillars to guide its sustainability journey – 1) Innovative and high performance culture, 2) Dynamic workforce, 3) Environmental stewardship, and 4) Nurturing the community and society. We deemed UMW Holdings as having one of the best policies to tackle the environmental components under ESG among Malaysian automakers, riding on its principal partner, Toyota.

### Keep your eye on

Global automakers are increasing their efforts to achieve cleaner exhaust emissions and improve fuel economy in order to reduce CO2 emissions and the world's dependence on fossil fuels. The Malaysian government's decision to waive import duty, excise duty, sales tax and road tax for EVs over 2022-2025 are positive moves to promote EV adoption in the domestic market.

### Implications

The structural shift from internal combustion engines (ICE) to hybrid and EVs will pose major long-term challenges for domestic players. UMW-Toyota is investing RM270m into local manufacturing of hybrid EVs at Bukit Raja Plant. This is part of the group's initiatives towards carbon neutrality and to offer cleaner vehicle options to Malaysian consumers. Meanwhile Perodua is conducting a feasibility study on electrification and hybrid technology viability.

### ESG highlights

UMW-Toyota aims to achieve zero emission and net positive environmental impact by 2050, which is based on Toyota Environmental Challenge 2050. Under this strategy, the group has installed 2 MWp solar PV systems that generate 8,239 GJ of solar energy per year at Toyota ASSB Shah Alam and Bukit Raja plant.

### Implications

The group increased its solar energy generation by 22% in 2020 compared to 2019 following the commissioning of the Toyota ASSB Bukit Raja plant. Overall, the group generated 2.1% of its energy consumption in 2020 from renewable sources.

### Trends

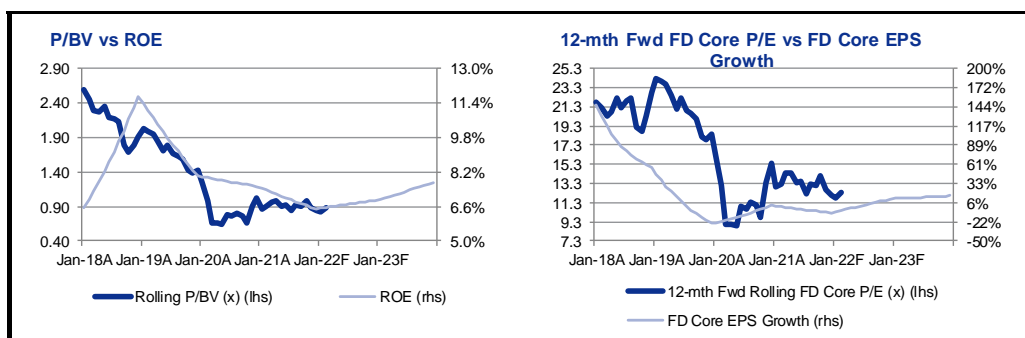
The group rely on 9,471 suppliers globally to ensure smooth daily operations. UMW spent 33.6% or RM1.6bn of its procurement budget on local suppliers, which represented 44.5% of its total suppliers. The group aims to include more social and governance aspects into its procurement process in order to develop a sustainable supply chain for long-term value creation.

### Implications

We believe supporting local suppliers will help to foster the growth of its domestic vendor ecosystem and contribute to the local economy. UMW-Toyota is also incentivised to promote a higher local content adoption for its completed-knocked down (CKD) programme. This will allow the group to benefit from higher excise duty waiver under the industrial linkage programme.

SOURCES: CGS-CIMB RESEARCH, REFINITIV

## BY THE NUMBERS



### Profit & Loss

(RMm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
<b>Total Net Revenues</b>	<b>9,555</b>	<b>11,061</b>	<b>11,927</b>	<b>12,684</b>	<b>13,550</b>
<b>Gross Profit</b>	<b>1,529</b>	<b>1,770</b>	<b>1,908</b>	<b>2,029</b>	<b>2,168</b>
<b>Operating EBITDA</b>	<b>712</b>	<b>627</b>	<b>886</b>	<b>893</b>	<b>941</b>
Depreciation And Amortisation	(374)	(344)	(377)	(390)	(402)
<b>Operating EBIT</b>	<b>338</b>	<b>283</b>	<b>509</b>	<b>504</b>	<b>539</b>
Financial Income/(Expense)	(61)	(59)	(21)	(26)	(20)
Pretax Income/(Loss) from Assoc.	204	268	237	251	254
Non-Operating Income/(Expense)	0	0	0	0	0
<b>Profit Before Tax (pre-EI)</b>	<b>481</b>	<b>492</b>	<b>725</b>	<b>729</b>	<b>772</b>
Exceptional Items	(80)	(9)	0	0	0
<b>Pre-tax Profit</b>	<b>401</b>	<b>483</b>	<b>725</b>	<b>729</b>	<b>772</b>
Taxation	(78)	33	(214)	(182)	(193)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>323</b>	<b>516</b>	<b>511</b>	<b>547</b>	<b>579</b>
Minority Interests	(118)	(247)	(224)	(215)	(222)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>205</b>	<b>268</b>	<b>287</b>	<b>332</b>	<b>357</b>
Recurring Net Profit	285	259	287	332	357
<b>Fully Diluted Recurring Net Profit</b>	<b>285</b>	<b>259</b>	<b>287</b>	<b>332</b>	<b>357</b>

### Cash Flow

(RMm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
<b>EBITDA</b>	<b>712</b>	<b>627</b>	<b>886</b>	<b>893</b>	<b>941</b>
Cash Flow from Inv. & Assoc.					
Change In Working Capital	460	(221)	(953)	(197)	(226)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	373	365	377	390	402
Net Interest (Paid)/Received	(61)	(59)	(21)	(26)	(20)
Tax Paid	(88)	(74)	(214)	(182)	(193)
<b>Cashflow From Operations</b>	<b>1,396</b>	<b>637</b>	<b>75</b>	<b>878</b>	<b>904</b>
Capex	(406)	(400)	(400)	0	0
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	54	49	88	81	87
<b>Cash Flow From Investing</b>	<b>(352)</b>	<b>(351)</b>	<b>(312)</b>	<b>81</b>	<b>87</b>
Debt Raised/(repaid)					
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(47)	(68)	(93)	(105)	(117)
Preferred Dividends					
Other Financing Cashflow	(70)	(70)	(70)	(70)	(70)
<b>Cash Flow From Financing</b>	<b>(117)</b>	<b>(138)</b>	<b>(163)</b>	<b>(175)</b>	<b>(187)</b>
Total Cash Generated	927	148	(401)	783	804
<b>Free Cashflow To Equity</b>	<b>1,044</b>	<b>286</b>	<b>(237)</b>	<b>958</b>	<b>990</b>
<b>Free Cashflow To Firm</b>	<b>1,159</b>	<b>394</b>	<b>(128)</b>	<b>1,065</b>	<b>1,097</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## BY THE NUMBERS... cont'd

### Balance Sheet

(RMm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Total Cash And Equivalents	2,051	2,941	2,313	2,477	2,645
Total Debtors	1,188	1,052	1,835	1,952	2,085
Inventories	1,439	1,752	1,973	2,098	2,241
Total Other Current Assets	1,314	635	635	635	635
<b>Total Current Assets</b>	<b>5,992</b>	<b>6,380</b>	<b>6,755</b>	<b>7,161</b>	<b>7,606</b>
Fixed Assets	2,463	2,531	2,554	2,565	2,563
Total Investments	284	284	284	284	284
Intangible Assets	0	0	0	0	0
Total Other Non-Current Assets	2,708	2,977	2,977	2,977	2,977
<b>Total Non-current Assets</b>	<b>5,455</b>	<b>5,793</b>	<b>5,816</b>	<b>5,826</b>	<b>5,824</b>
Short-term Debt	524	638	638	638	638
Current Portion of Long-Term Debt					
Total Creditors	2,156	2,249	2,300	2,344	2,395
Other Current Liabilities	116	133	133	133	133
<b>Total Current Liabilities</b>	<b>2,796</b>	<b>3,020</b>	<b>3,071</b>	<b>3,115</b>	<b>3,166</b>
Total Long-term Debt	1,942	2,095	2,095	2,095	2,095
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	291	295	295	295	295
<b>Total Non-current Liabilities</b>	<b>2,234</b>	<b>2,390</b>	<b>2,390</b>	<b>2,390</b>	<b>2,390</b>
Total Provisions	0	0	0	0	0
<b>Total Liabilities</b>	<b>5,030</b>	<b>5,410</b>	<b>5,461</b>	<b>5,505</b>	<b>5,556</b>
Shareholders' Equity	3,868	4,116	4,240	4,397	4,567
Minority Interests	2,549	2,646	2,870	3,085	3,307
<b>Total Equity</b>	<b>6,417</b>	<b>6,763</b>	<b>7,110</b>	<b>7,482</b>	<b>7,874</b>

### Key Ratios

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue Growth	(18.6%)	15.8%	7.8%	6.3%	6.8%
Operating EBITDA Growth	10.8%	(11.9%)	41.3%	0.9%	5.3%
Operating EBITDA Margin	7.45%	5.67%	7.43%	7.04%	6.94%
Net Cash Per Share (RM)	(0.36)	0.18	(0.36)	(0.22)	(0.08)
BVPS (RM)	3.31	3.52	3.63	3.76	3.91
Gross Interest Cover	2.93	2.62	4.66	4.72	5.05
Effective Tax Rate	19.4%	0.0%	29.5%	25.0%	25.0%
Net Dividend Payout Ratio	12.9%	27.7%	18.7%	20.5%	21.2%
Accounts Receivables Days	50.60	36.95	44.17	54.49	54.51
Inventory Days	69.06	62.69	67.85	69.73	69.77
Accounts Payables Days	28.38	26.14	24.54	24.70	24.71
ROIC (%)	4.64%	4.14%	7.75%	6.68%	6.95%
ROCE (%)	4.49%	3.61%	6.17%	5.83%	6.01%
Return On Average Assets	4.80%	4.67%	6.03%	5.91%	6.00%

### Key Drivers

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
USDMYR	4.2	4.1	4.1	4.1	4.1

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS



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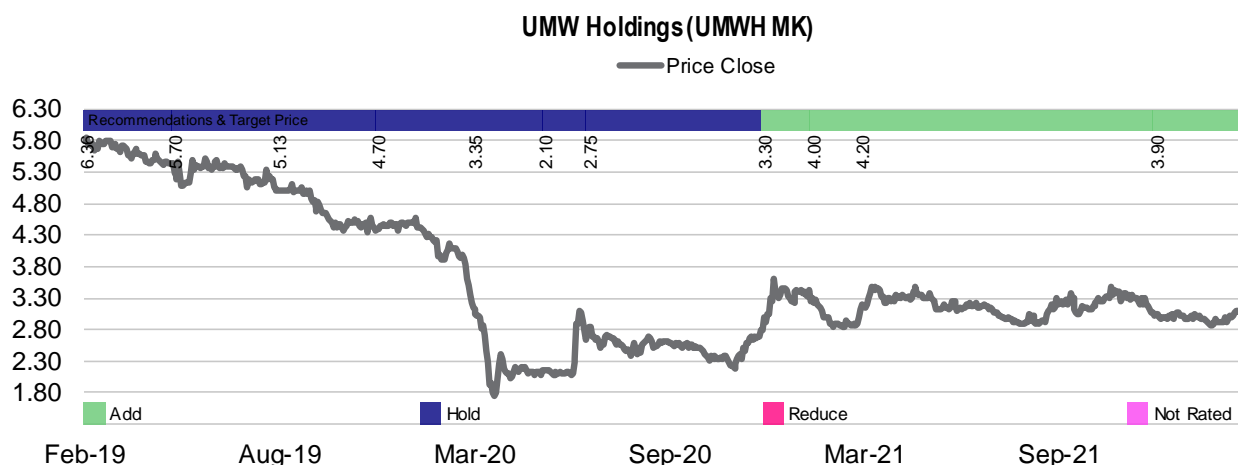
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Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2021		
619 companies under coverage for quarter ended on 31 December 2021		
	Rating Distribution (%)	Investment Banking clients (%)
Add	71.1%	1.5%
Hold	21.8%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

