

## Malaysia

### ADD (no change)

Consensus ratings\*: Buy 1 Hold 0 Sell 0

Current price:	RM0.81
Target price:	RM0.93
Previous target:	RM1.87
Up/downside:	14.8%
CGS-CIMB / Consensus:	-50.3%
Reuters:	EITA.KL
Bloomberg:	EITA MK
Market cap:	US\$47.92m
	RM210.6m
Average daily turnover:	US\$0.01m
	RM0.05m
Current shares o/s:	260.0m
Free float:	41.8%

\*Source: Bloomberg

#### Key changes in this note

➤ No change.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-3	-3.6	-12
Relative (%)	0.4	-0.1	-9.3

#### Major shareholders

	% held
Ruby Technique Sdn Bhd	23.0
Fu Wing Hoong	19.7
Lim Joo Swee	15.5

#### Analyst(s)



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# EITA Resources Bhd

## M&A plans could serve as key catalyst

- EITA's 1H9/22 core net profit made up 43% of our FY9/22F forecast. We expect its earnings to pick up in the next quarters with more business.
- The group said in a recent media interview that it is looking to bring its highly cash-generative maintenance business to a neighbouring country.
- Although EITA remains an Add, we cut our TP to 93 sen on the back of high input cost risks possibly plaguing its margins.

### 1HFY9/22 core net profit in line with our expectation

After removing RM105,000 worth of fixed assets' disposal gains, EITA Resources' 1HFY9/22 core net profit came in at RM11m (+8.9% yoy). However, the group's 1HFY9/22 revenue yoy growth rate was much bigger, at 39.9%. The discrepancy between the topline and bottomline yoy growth rates was partially due to the pre-tax loss in its manufacturing division, which had fewer lift projects in 2QFY9/22 and higher administrative costs. Going further down the income statement lines, EITA also had to reimburse a higher effective tax rate of 29% in 2QFY9/22 (vs. 28.3% in 2QFY9/21). The group explained that it had to recognise some deferred tax expenses in 2QFY9/22. Nonetheless, at 43% of our full-year forecast, EITA's 1HFY9/22 core net profit was in line with our expectation; we look forward to sequentially stronger earnings on the back of more business activities following the economy's reopening.

### Rising input costs can be mitigated by maintenance division

The 52.2% qoq drop in EITA's 1HFY22 core net profit may raise investor concerns over possible margin compression as raw material prices soared in the aftermath of global lockdowns and geo-political tensions. Its 2QFY9/22 EBITDA margin came to 7.9%, thinner than the preceding quarter's 10.6%. On the bright side, its highly cash-generative maintenance division's 1Q-2QFY9/22 pre-tax profits of RM3.7m-4.2m far surpassed its pre-pandemic quarterly average of RM3.3m. Should the segment grow further, we believe it could help negate the debilitating effects of rising input costs.

### Reiterate Add, TP lowered from RM1.87 to 93 sen

In the 9-15 May edition of The Edge Weekly, EITA's Managing Director Mr. Fu Wing Hoong said the group is hopeful that it can secure an overseas partner in the next "one or two years" so that it can bring its lift maintenance expertise to another market, preferably Thailand. This foray, he said, should catalyse EITA's earnings growth. A short-term catalyst that we see for EITA is the contract awards for the Circle Line of the Klang Valley Mass Rapid Transit (MRT3), as EITA has a track record for providing lift and escalators for Malaysia's mega projects. While we keep our Add call, we cut our TP to 93 sen, valuing the stock at 9x CY22F P/E (c.70% discount to global elevator manufacturers' historical weighted average, from 40% previously). This is to take into account the risk of rising input costs. Downside risk: raw material prices spiking further. New mega infrastructure projects and, more specifically, MRT 3 are the stock's re-rating catalysts.

#### Financial Summary

	Sep-20A	Sep-21A	Sep-22F	Sep-23F	Sep-24F
Revenue (RMm)	284.2	302.3	362.8	402.7	491.3
Operating EBITDA (RMm)	28.87	31.57	35.87	43.69	48.08
Net Profit (RMm)	17.29	19.89	25.75	30.79	34.93
Core EPS (RM)	0.13	0.08	0.10	0.12	0.13
Core EPS Growth	(19.6%)	(42.5%)	29.5%	19.6%	13.5%
FD Core P/E (x)	6.09	9.71	10.91	9.12	8.04
DPS (RM)	0.060	0.035	0.035	0.035	0.035
Dividend Yield	7.41%	4.32%	4.32%	4.32%	4.32%
EV/EBITDA (x)	2.35	6.03	3.74	3.12	2.83
P/FCFE (x)	NA	4.92	8.11	10.48	12.21
Net Gearing	(21.8%)	(11.9%)	(36.8%)	(32.5%)	(29.2%)
P/BV (x)	0.57	1.06	0.98	0.89	0.80
ROE	9.6%	10.4%	12.5%	13.6%	13.9%
% Change In Core EPS Estimates			0%	0%	0%
CGS-CIMB/Consensus EPS (x)					

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 1: Results comparison

FYE Sep (RM m)	2QFY22	2QFY21	yoy % chg	1QFY22	qoq % chg	2QFY22 cum	2QFY21 cum	yoy % chg	Prev. FY22F	Comments
Revenue	84.3	80.4	4.9	120.7	(30.2)	205.0	146.5	39.9	362.8	High-voltage segment powered turnover growth
Operating costs	(77.6)	(74.1)	4.8	(108.0)	(28.1)	(185.4)	(130.9)	41.6	(326.9)	
<b>EBITDA</b>	<b>6.7</b>	<b>6.3</b>	<b>6.2</b>	<b>12.7</b>	<b>(47.5)</b>	<b>19.6</b>	<b>15.7</b>	<b>25.5</b>	<b>35.9</b>	<b>In line</b>
EBITDA margin (%)	7.9	7.8	1.3	10.6	(24.8)	9.6	10.7	(10.3)	9.9	
Depn & amort.	(0.8)	(0.7)	3.9	(0.8)	1.5	(1.5)	(1.4)	10.1	(2.4)	
<b>EBIT</b>	<b>5.9</b>	<b>8.7</b>	<b>6.5</b>	<b>12.0</b>	<b>(50.6)</b>	<b>18.1</b>	<b>14.3</b>	<b>27.0</b>	<b>33.5</b>	
Interest expense	(0.7)	(0.5)	32.3	(0.8)	(12.5)	(1.5)	(1.1)	42.0	0.0	RM21.8m net cash or 8.4 sen/share as at end-Mar 2022
Interest & invt inc	0.1	0.0	423.5	0.1	36.9	0.2	0.1	144.4	1.0	
Associates' contrib	0.0	(0.1)	106.4	(0.0)	nm	(0.0)	0.1	nm	0.0	
Exceptionals	0.0	-	-	0.1	-	(0.1)	0.0	-	-	
<b>Pre-tax profit</b>	<b>5.3</b>	<b>5.0</b>	<b>7.4</b>	<b>11.3</b>	<b>(53.0)</b>	<b>16.7</b>	<b>13.3</b>	<b>24.8</b>	<b>34.5</b>	
Tax	(1.5)	(1.4)	9.9	(2.9)	(47.2)	(4.5)	(3.6)	24.3	(8.6)	
Tax rate (%)	29.0	28.3	2.4	25.8	12.3	26.8	26.9	(0.4)	25.0	
Minority interests	(0.3)	0.4	-	(1.0)	-	(1.3)	0.3	-	(0.1)	
<b>Net profit</b>	<b>3.5</b>	<b>4.0</b>	<b>(12.5)</b>	<b>7.4</b>	<b>(52.9)</b>	<b>10.9</b>	<b>10.0</b>	<b>8.9</b>	<b>25.7</b>	<b>EITA's 1HFY9/22 core net profit made up 43% of our full-year forecast</b>
Core net profit	3.5	4.0	(12.5)	7.3	(52.2)	11.0	10.0	10.0	25.7	
EPS (sen)	1.3	1.5	(12.5)	2.9	(52.9)	2.9	3.9	(26.0)	9.9	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 2: EITA's segmental breakdown

Revenue (RM m)	2QFY9/22	2QFY9/21	Yoy % change	1QFY9/22	Qoq % change	1HFY9/22	1HFY9/21	Yoy % change
Marketing	19.7	18.0	9.2%	20.2	-2.7%	39.9	37.9	5.3%
Manufacturing	24.6	34.4	-28.4%	26.2	-5.9%	50.8	58.3	-12.9%
Services	11.4	7.9	44.4%	11.0	4.1%	22.4	18.9	18.2%
High voltage	28.6	20.1	42.4%	63.4	-54.8%	92.0	31.5	192.5%
Total	84.3	80.4	4.9%	120.7	-30.2%	205.0	146.5	39.9%

Pre-tax profit/(loss) (RM m)	2QFY9/22	2QFY9/21	Yoy % change	1QFY9/22	Qoq % change	1HFY9/22	1HFY9/21	Yoy % change
Marketing	2.1	2.0	3.9%	2.4	-10.4%	4.5	5.0	-10.5%
Manufacturing	(1.1)	2.2	-148.8%	1.2	-189.0%	0.1	3.0	-95.6%
Services	3.7	2.0	83.0%	4.2	-11.0%	7.9	6.1	29.5%
High voltage	0.6	(1.3)	-143.1%	3.6	-84.1%	4.1	(0.8)	-618.4%
Total	5.3	5.0	7.4%	11.3	-53.0%	16.7	13.3	24.8%

Pre-tax margin (%)	2QFY9/22	2QFY9/21	Yoy %-pt change	1QFY9/22	Qoq %-pt change	1HFY9/22	1HFY9/21	Yoy % change
Marketing	10.8%	11.3%	-0.6%	11.7%	-0.9%	11.2%	13.2%	-2.0%
Manufacturing	-4.4%	6.4%	-10.8%	4.6%	-9.0%	0.3%	5.2%	-5.0%
Services	32.6%	25.7%	6.9%	38.1%	-5.5%	35.3%	32.2%	3.1%
High voltage	2.0%	-6.6%	8.5%	5.6%	-3.7%	4.5%	-2.5%	7.0%
Total	6.3%	6.2%	0.1%	9.4%	-3.1%	8.1%	9.1%	-1.0%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 3: Sector comparison

Company	Bloomberg Ticker	Recom.	Share price (local curr)	Target Price (local curr)	Market Cap (US\$ m)	Core P/E (x)		3-year EPS CAGR (%)	P/BV (x)		Recurring ROE (%)		EV/EBITDA (x)		Dividend Yield (%)	
						CY22F	CY23F		CY22F	CY23F	CY22F	CY23F	CY22F	CY23F	CY22F	CY23F
EITA Resources Bhd	EITA MK	Add	0.81	1.87	48	6.9	4.5	13.4%	0.96	0.86	12.8%	13.7%	3.3	2.9	1.9%	1.9%
Otis Worldwide Corp	OTIS US	NR	73.53	NA	31,088	22.3	20.2	12.4%	NA	NA	-47.5%	-52.4%	16.1	15.1	1.3%	1.6%
Kone Oyj	KNYJF US	NR	48.50	NA	26,311	25.2	22.8	3.6%	9.20	8.91	42.4%	46.9%	16.7	15.2	3.5%	3.5%
Schindler Holding AG	SHLAF US	NR	200.80	NA	21,779	27.1	24.0	1.0%	12.21	11.13	17.4%	19.7%	13.1	11.9	0.8%	0.8%
Japan Elevator Service	6544 JP	NR	1561.00	NA	1,089	45.4	39.1	17.0%	NA	NA	26.0%	30.1%	NA	NA	0.9%	1.0%
Alimak Group AB	ALIG SS	NR	88.00	NA	484	11.6	10.2	21.1%	1.18	1.11	10.3%	11.8%	8.1	7.0	3.7%	4.2%
<b>Weighted average</b>						<b>24.8</b>	<b>22.2</b>	<b>0.1</b>	<b>6.3</b>	<b>5.9</b>	<b>0.0</b>	<b>0.0</b>	<b>15.2</b>	<b>14.0</b>	<b>1.9%</b>	<b>2.0%</b>
<b>Simple average</b>						<b>23.1</b>	<b>20.1</b>	<b>0.1</b>	<b>5.9</b>	<b>5.5</b>	<b>0.1</b>	<b>0.1</b>	<b>11.5</b>	<b>10.4</b>	<b>2.0%</b>	<b>2.1%</b>

AS AT 25 MAY 2022

NOTE: FORECASTS FOR NON-RATED (NR) COMPANIES ARE BASED ON BLOOMBERG CONSENSUS ESTIMATES  
SOURCES: CGS-CIMB RESEARCH, BLOOMBERG, COMPANY REPORTS



## ESG in a nutshell

Malaysian-born-and-bred EITA Resources is still a minnow compared with the more established players in the global ocean of elevator manufacturers and service providers. However, the company's giant-sized aspiration of becoming a regional elevator brand is pushing the group to adhere to the highest ESG standards. Apart from the usual initiatives of lowering carbon footprint and resource consumption, EITA is working on producing state-of-the-art elevator and escalator products that are more energy-efficient.

### Keep your eye on

EITA's plan for geographic expansion. To ensure its success, the group will have to enhance its product lines to catch up with global standards. Part of these include ramping up energy efficiency of EITA's elevators and escalators.

### Implications

The result should be obvious. If EITA wins over more international clients that are potentially more sensitive about greenhouse gas emissions and energy consumption, there should be more earnings in store for the group.

### ESG highlights

Based on our proprietary analysis, EITA's share of female employees at 20.5% in FY9/20 exceeds that of its other global competitors; these include Hyundai Elevator, Kone, and Schindler Holding, which have 7.4-12% women employed in their respective workforces.

### Implications

The gender composition of EITA's employees brings no tangible effect on the group's profit-and-loss statement. However, EITA's higher share of the fairer gender in its workforce indicates its open-mindedness in its recruitment process. Good talent can come from any gender and, in our view, talent discrimination can be a barrier to achieving higher levels of innovation — which is crucial for an engineering company.

### Trends

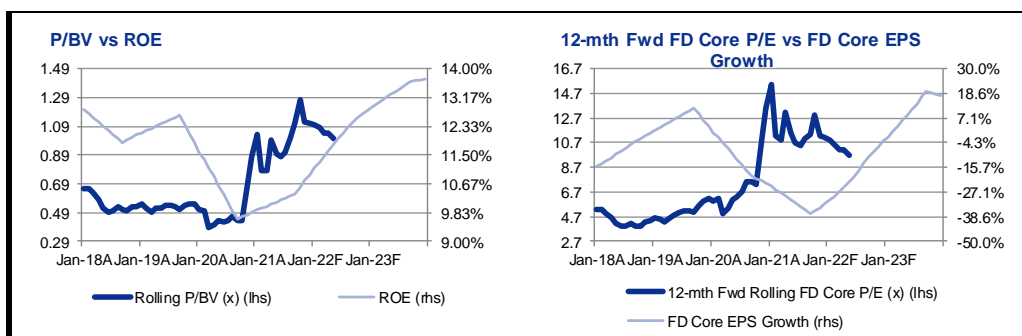
EITA's electricity cost-to-revenue ratio continued to trend down from the 0.22% recorded in FY9/17 (the first year it disclosed its electricity expenses) to 0.17% in FY9/20. The company expects more savings going forward after moving to a new plant, which is equipped with more solar panels.

### Implications

While it is commendable that EITA remains committed to reducing its electricity consumption, the overall amount was fairly low to begin with; therefore, we feel that it merits no brownie points for this initiative. We are more interested in EITA's new energy-efficient product pipeline. However, EITA still has a lot of catching up to do with its global competitors in terms of its earnings base. Hence, we attach a c.70% discount to the global elevator producers' CY22F weighted average P/E.

SOURCES: CGS-CIMB RESEARCH, REFINITIV

## BY THE NUMBERS



### Profit & Loss

(RMm)	Sep-20A	Sep-21A	Sep-22F	Sep-23F	Sep-24F
<b>Total Net Revenues</b>	<b>284.2</b>	<b>302.3</b>	<b>362.8</b>	<b>402.7</b>	<b>491.3</b>
<b>Gross Profit</b>	<b>284.2</b>	<b>302.3</b>	<b>362.8</b>	<b>402.7</b>	<b>491.3</b>
<b>Operating EBITDA</b>	<b>28.9</b>	<b>31.6</b>	<b>35.9</b>	<b>43.7</b>	<b>48.1</b>
Depreciation And Amortisation	(2.4)	(2.7)	(2.4)	(2.4)	(2.4)
<b>Operating EBIT</b>	<b>26.5</b>	<b>28.9</b>	<b>33.5</b>	<b>41.3</b>	<b>45.7</b>
Financial Income/(Expense)	(2.0)	(1.9)	1.0	1.0	1.0
Pretax Income/(Loss) from Assoc.	0.8	(0.1)	0.0	0.0	0.0
Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0	0.0
<b>Profit Before Tax (pre-EI)</b>	<b>25.2</b>	<b>26.9</b>	<b>34.5</b>	<b>42.3</b>	<b>46.7</b>
Exceptional Items	0.0	0.0	0.0	0.0	0.0
<b>Pre-tax Profit</b>	<b>25.2</b>	<b>26.9</b>	<b>34.5</b>	<b>42.3</b>	<b>46.7</b>
Taxation	(6.9)	(6.9)	(8.6)	(11.4)	(11.7)
Exceptional Income - post-tax	0.0	0.0	0.0	0.0	0.0
<b>Profit After Tax</b>	<b>18.3</b>	<b>20.0</b>	<b>25.8</b>	<b>30.9</b>	<b>35.0</b>
Minority Interests	(1.0)	(0.1)	(0.1)	(0.1)	(0.1)
Preferred Dividends	0.0	0.0	0.0	0.0	0.0
FX Gain/(Loss) - post tax	0.0	0.0	0.0	0.0	0.0
Other Adjustments - post-tax	0.0	0.0	0.0	0.0	0.0
<b>Net Profit</b>	<b>17.3</b>	<b>19.9</b>	<b>25.7</b>	<b>30.8</b>	<b>34.9</b>
Recurring Net Profit	17.3	19.9	25.7	30.8	34.9
<b>Fully Diluted Recurring Net Profit</b>	<b>17.3</b>	<b>19.9</b>	<b>25.7</b>	<b>30.8</b>	<b>34.9</b>

### Cash Flow

(RMm)	Sep-20A	Sep-21A	Sep-22F	Sep-23F	Sep-24F
<b>EBITDA</b>	<b>28.87</b>	<b>31.57</b>	<b>35.87</b>	<b>43.69</b>	<b>48.08</b>
Cash Flow from Inv. & Assoc.	0.00	0.00	0.00	0.00	0.00
Change In Working Capital	(22.53)	20.44	11.15	(4.68)	(12.61)
(Incr)/Decr in Total Provisions	0.00	0.00	0.00	0.00	0.00
Other Non-Cash (Income)/Expense	0.00	0.00	0.00	0.00	0.00
Other Operating Cashflow	2.10	2.10	2.10	3.10	3.10
Net Interest (Paid)/Received	(2.35)	(2.08)	0.00	0.00	0.00
Tax Paid	(6.91)	(6.88)	(8.62)	(11.42)	(11.67)
<b>Cashflow From Operations</b>	<b>(0.83)</b>	<b>45.15</b>	<b>40.51</b>	<b>30.70</b>	<b>26.91</b>
Capex	(5.00)	(5.00)	(5.00)	(4.00)	(4.00)
Disposals Of FAs/subsidiaries	0.00	0.00	0.00	0.00	0.00
Acq. Of Subsidiaries/investments	0.00	0.00	0.00	0.00	0.00
Other Investing Cashflow	(0.90)	(0.90)	(0.90)	0.10	0.10
<b>Cash Flow From Investing</b>	<b>(5.90)</b>	<b>(5.90)</b>	<b>(5.90)</b>	<b>(3.90)</b>	<b>(3.90)</b>
Debt Raised/(repaid)	0.00	0.00	0.00	0.00	0.00
Proceeds From Issue Of Shares	0.00	0.00	0.00	0.00	0.00
Shares Repurchased	0.00	0.00	0.00	0.00	0.00
Dividends Paid	(9.10)	(9.10)	(9.10)	(8.10)	(8.10)
Preferred Dividends	0.00	0.00	0.00	0.00	0.00
Other Financing Cashflow	2.10	2.10	2.10	3.10	3.10
<b>Cash Flow From Financing</b>	<b>(7.00)</b>	<b>(7.00)</b>	<b>(7.00)</b>	<b>(5.00)</b>	<b>(5.00)</b>
Total Cash Generated	(13.73)	32.25	27.61	21.80	18.01
<b>Free Cashflow To Equity</b>	<b>(6.73)</b>	<b>39.25</b>	<b>34.61</b>	<b>26.80</b>	<b>23.01</b>
<b>Free Cashflow To Firm</b>	<b>(4.37)</b>	<b>41.33</b>	<b>34.61</b>	<b>26.80</b>	<b>23.01</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## BY THE NUMBERS... cont'd

### Balance Sheet

(RMm)	Sep-20A	Sep-21A	Sep-22F	Sep-23F	Sep-24F
Total Cash And Equivalents	71.8	62.0	97.7	97.7	97.7
Total Debtors	64.6	57.2	51.6	57.3	69.9
Inventories	38.9	43.0	43.0	43.0	43.0
Total Other Current Assets	67.0	100.7	86.5	115.2	134.6
<b>Total Current Assets</b>	<b>242.3</b>	<b>262.9</b>	<b>278.8</b>	<b>313.2</b>	<b>345.2</b>
Fixed Assets	36.4	42.7	45.3	46.9	48.5
Total Investments	0.0	0.0	0.0	0.0	0.0
Intangible Assets	1.2	0.8	0.8	0.8	0.8
Total Other Non-Current Assets	22.9	22.8	22.8	22.8	22.8
<b>Total Non-current Assets</b>	<b>60.6</b>	<b>66.3</b>	<b>68.9</b>	<b>70.5</b>	<b>72.1</b>
Short-term Debt	15.1	23.2	10.0	11.0	11.0
Current Portion of Long-Term Debt	0.0	0.0	0.0	0.0	0.0
Total Creditors	59.8	77.0	82.5	83.5	83.5
Other Current Liabilities	20.1	9.5	27.1	33.0	33.0
<b>Total Current Liabilities</b>	<b>95.0</b>	<b>109.7</b>	<b>119.6</b>	<b>127.5</b>	<b>127.5</b>
Total Long-term Debt	15.5	14.7	7.3	8.3	8.3
Hybrid Debt - Debt Component	0.0	0.0	0.0	0.0	0.0
Total Other Non-Current Liabilities	3.6	2.9	2.1	6.5	13.2
<b>Total Non-current Liabilities</b>	<b>19.2</b>	<b>17.6</b>	<b>9.4</b>	<b>14.8</b>	<b>21.5</b>
Total Provisions	0.0	0.0	0.0	0.0	0.0
<b>Total Liabilities</b>	<b>114.1</b>	<b>127.3</b>	<b>129.0</b>	<b>142.2</b>	<b>148.9</b>
Shareholders' Equity	185.3	198.1	214.7	237.4	264.2
Minority Interests	3.7	3.8	3.9	4.0	4.1
<b>Total Equity</b>	<b>189.0</b>	<b>201.9</b>	<b>218.6</b>	<b>241.4</b>	<b>268.3</b>

### Key Ratios

	Sep-20A	Sep-21A	Sep-22F	Sep-23F	Sep-24F
Revenue Growth	(6.9%)	6.4%	20.0%	11.0%	22.0%
Operating EBITDA Growth	(8.4%)	9.4%	13.6%	21.8%	10.0%
Operating EBITDA Margin	10.2%	10.4%	9.9%	10.8%	9.8%
Net Cash Per Share (RM)	0.32	0.09	0.31	0.30	0.30
BVPS (RM)	1.43	0.76	0.83	0.91	1.02
Gross Interest Cover	11.24	13.91	N/A	N/A	N/A
Effective Tax Rate	27.4%	25.6%	25.0%	27.0%	25.0%
Net Dividend Payout Ratio	45.1%	19.6%	15.1%	12.7%	11.2%
Accounts Receivables Days	85.95	73.55	54.77	49.37	47.39
Inventory Days	N/A	N/A	N/A	N/A	N/A
Accounts Payables Days	N/A	N/A	N/A	N/A	N/A
ROIC (%)	14.4%	14.3%	13.9%	(7.4%)	(6.7%)
ROCE (%)	12.6%	12.7%	14.5%	17.0%	17.0%
Return On Average Assets	6.47%	6.78%	7.42%	8.51%	8.80%

### Key Drivers

	Sep-20A	Sep-21A	Sep-22F	Sep-23F	Sep-24F
Marketing growth (%)	-8.7%	6.4%	20.0%	11.0%	22.0%
Manufacturing growth (%)	-6.0%	6.4%	20.0%	11.0%	22.0%
Services growth (%)	-8.1%	6.4%	20.0%	11.0%	22.0%
High voltage growth (%)	-5.9%	6.4%	20.0%	11.0%	22.0%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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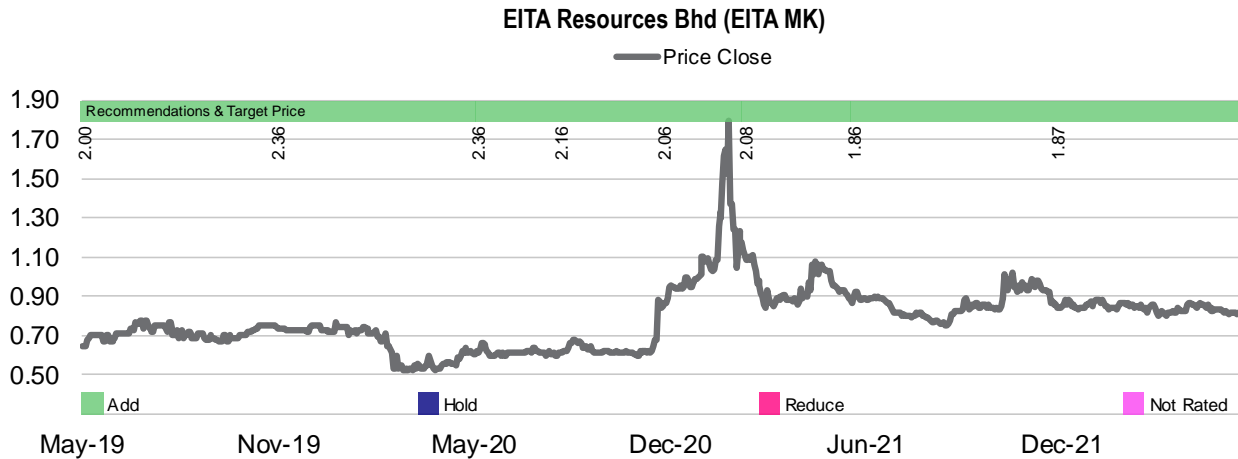
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Distribution of stock ratings and investment banking clients for quarter ended on 31 March 2022		
632 companies under coverage for quarter ended on 31 March 2022		
	Rating Distribution (%)	Investment Banking clients (%)
Add	70.3%	0.8%
Hold	22.0%	0.0%
Reduce	7.8%	0.2%

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, **CENTEL** – 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	
<b>Stock Ratings</b>	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.
<i>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.</i>	
<b>Sector Ratings</b>	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.
<b>Country Ratings</b>	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.