

## Malaysia

**HOLD** (no change)

Consensus ratings\*: Buy 4 Hold 5 Sell 0

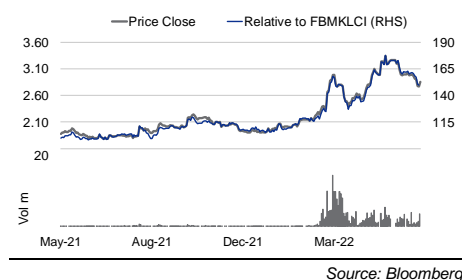
Current price:	RM2.86
Target price:	RM2.80
Previous target:	RM2.81
Up/downside:	-2.0%
CGS-CIMB / Consensus:	-12.4%

Reuters:	HAPP.KL
Bloomberg:	HAPL MK
Market cap:	US\$522.3m
	RM2,287m
Average daily turnover:	US\$2.04m
	RM8.67m
Current shares o/s:	800.0m
Free float:	28.4%

\*Source: Bloomberg

**Key changes in this note**

- We cut our FY22F core EPS forecasts by 12.7% to reflect higher manuring and labour costs.
- We fine-tune our FY23-24F core EPS forecast for housekeeping purposes.



Price performance	1M	3M	12M
Absolute (%)	-12.5	-0.7	45.9
Relative (%)	-9.1	3.1	48.9

Major shareholders	% held
Hap Seng Consolidated Berhad	71.6
Employees Provident Fund	2.7
John Chia Sin Tet	1.2

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# Hap Seng Plantations

## CPO price rally likely priced in

- HSP guided for a 14% yoy rise in costs of production (RM256 per tonne increase) owing to the minimum wage hike and higher manuring costs.
- The group is likely to book stronger qoq earnings for 2Q22F on the back of higher CPO prices and seasonally stronger FFB output.
- We retain our Hold call as rising CPO earnings likely priced into valuations.

### While HSP's yield recovery is a plus, this is likely to be offset by...

During its 1Q22 results briefing, Hap Seng Plantations (HSP) shared that it is maintaining its FFB output growth guidance of 17% yoy to 691k tonnes in FY22F, mainly owing to a recovery in yields. This represents a sharp jump from its 4M22 achieved FFB output growth of only 1%. The group's FFB output target is 7% higher than our forecasted FFB output of 640k tonnes (+12% yoy growth) for FY22F, as we estimate a more moderate FFB yield recovery. We estimate 14% upside to our FY22F core EPS forecast should the group achieve its FFB output target for FY22F. HSP shared that its labour shortage was less than 1% in 1Q22, which is much lower than the industry-wide labour shortage of c.20-30%. Hence, contrary to other planters, we do not foresee labour issues as a potential hindrance to FFB output for HSP in FY22F.

### ...rising manuring and labour costs going into 2H22F

The group guided that its overall CPO cost of production (after PK credit, excluding taxes but including FFB purchases) is likely to trend 14% higher yoy to c.RM2,100/tonne in FY22F vs. FY21 cost of production of RM1,844/tonne. This is mainly driven by higher manuring and labour costs, which would offset their 17% higher FFB output assumptions. HSP has completed the tender for its fertiliser requirement for the full year, with its manuring costs rising 136% yoy for FY22F, with the bulk of the increase coming in 2H22F (2.1x hoh increase vs. 1H22F) and expects this to trend potentially higher hoh in 2H22F. HSP is also likely to see a RM15m increase in labour costs in FY22F from the higher minimum wage of RM1,500 per month (vs. RM1,100 in Sabah previously), which is likely to have taken effect in May 2022.

### Anticipate stronger 2Q22F owing to higher prices

In our view, HSP is well positioned to benefit from the rise in CPO prices as the group sells most of its CPO on a spot basis. The Malaysian Palm Oil Board's (MPOB) average CPO prices achieved were RM6,678/tonne in Apr 22 and RM6,921/tonne MTD in May 22 vs. HSP's 1Q22 achieved CPO price of RM6,019/tonne, indicating stronger qoq CPO prices for HSP. In addition, we estimate HSP will benefit from seasonally higher FFB output, though this could be partially offset by higher labour costs. In light of its higher manuring and labour costs, we cut our FY22F core EPS forecast by 12.7% and fine-tune our TP to RM2.80, still based on 15.9x CY23F P/E, in line with its 5-year mean. This essentially values HSP's estates at RM51k/ha, which we think is fair given the high CPO price environment. We retain our Hold call as we think the sharp CPO price rally has been baked into HSP's valuations at this juncture.

Financial Summary	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue (RMm)	467.6	670.8	984.5	694.7	665.6
Operating EBITDA (RMm)	172.6	349.3	459.8	267.3	233.9
Net Profit (RMm)	90.3	224.0	271.9	141.0	115.8
Core EPS (RM)	0.08	0.26	0.34	0.18	0.14
Core EPS Growth	95%	235%	32%	(48%)	(18%)
FD Core P/E (x)	37.26	11.13	8.41	16.23	19.75
DPS (RM)	0.07	0.17	0.20	0.11	0.09
Dividend Yield	2.45%	5.94%	7.13%	3.70%	3.04%
EV/EBITDA (x)	11.75	5.36	3.81	6.14	6.66
P/FCFE (x)	54.06	20.18	8.06	11.83	15.02
Net Gearing	(15.1%)	(22.2%)	(27.0%)	(31.6%)	(34.8%)
P/BV (x)	1.33	1.22	1.15	1.12	1.09
ROE	3.6%	11.4%	14.0%	7.0%	5.6%
% Change In Core EPS Estimates			(12.7%)	(0.3%)	(0.3%)
CGS-CIMB/Consensus EPS (x)			1.06	0.79	0.82

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## CPO price rally likely priced in

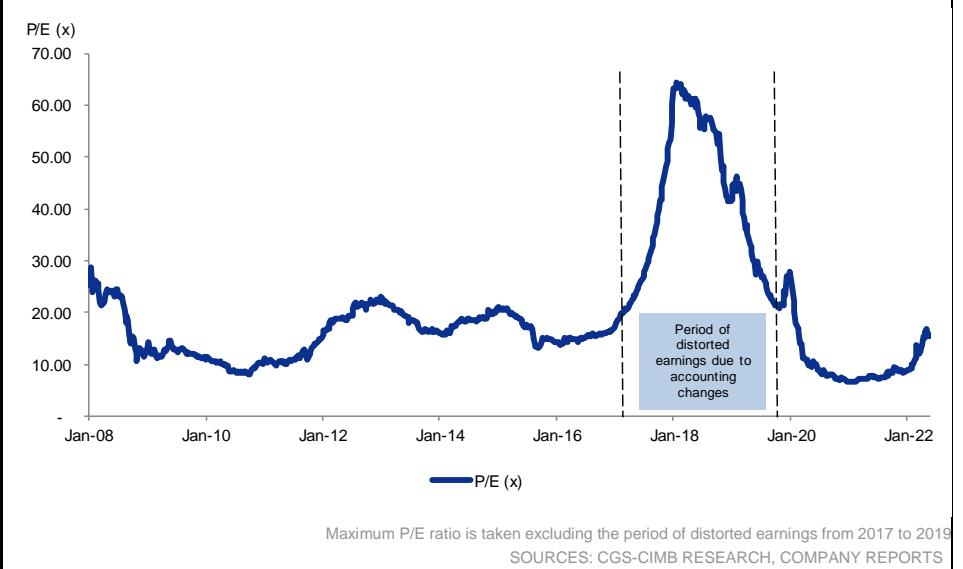
### Valuations >

Our RM2.80 TP is based on a P/E multiple of 15.9x, in line with its 5-year mean (prior to the distorted earnings period starting 2017, see Figs 1-2). This essentially values HSP's estates at RM51k/ha, which we think is fair given the high CPO price environment, coupled with HSP's estates mostly being in one large 100% RSPO-certified block in Sabah. Nevertheless, we retain our Hold call as we think the sharp CPO price rally has been baked into its valuations at this juncture.

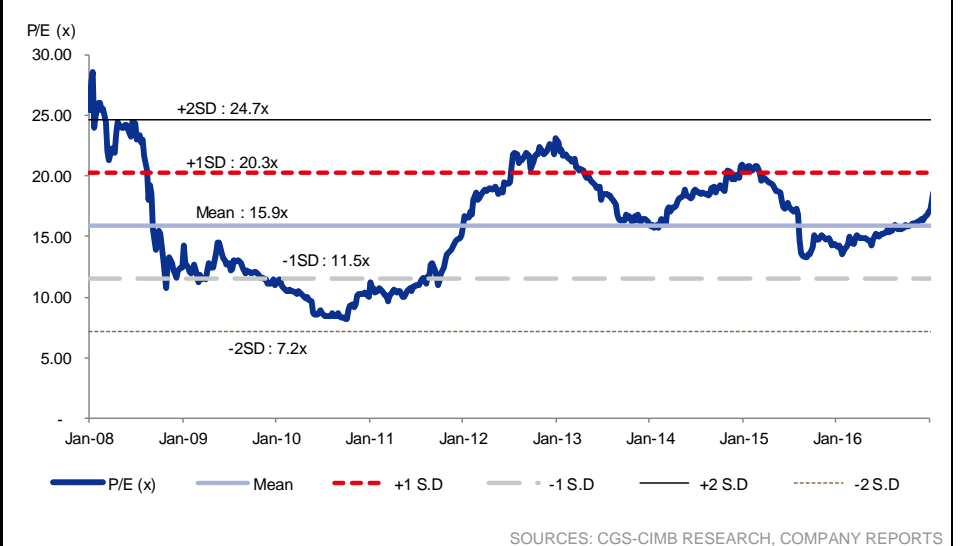
Every RM100 rise in our CPO price assumption of RM5,600/RM3,800 per tonne for FY22/23F will raise our earnings by 5%/8%.

Plans to unlock the value of HSP's assets could re-rate the stock, while key downside risks are lower CPO prices/FFB output.

**Figure 1: Hap Seng Plantation's historical price to earnings ratio (x)**



**Figure 2: Hap Seng Plantation's historical price to earnings ratio (x) prior to 2017**



**Figure 3: Price to earnings (P/E) valuation**

P/E valuation	
CY23F core net profit	141.0
P/E target multiple (x)	15.9
<b>Market cap (RM m)</b>	<b>2,241.8</b>
No of shares (m)	800.0
<b>Target price (RM)</b>	<b>2.80</b>

SOURCES: CGS-CIMB RESEARCH, BLOOMBERG, COMPANY REPORTS

**Figure 4: Earnings revision table**

FYE Dec (RM m)	2021A:	2022F			2023F			2024F		
		Old	New	chg	Old	New	chg	Old	New	chg
Revenue	671	984	984	0%	695	695	0%	666	666	0%
EBITDA	349	501	460	(8%)	267	267	(0%)	234	234	(0%)
Core pretax profit	266	419	378	(10%)	186	186	(0%)	153	152	(0%)
Core net profit	206	311	272	(13%)	141	141	(0%)	116	116	(0%)

SOURCES: CGS-CIMB RESEARCH, BLOOMBERG, COMPANY REPORTS



## ESG in a nutshell

In our view, HSP fares relatively better than its small-cap peers in terms of ESG. HSP was ranked 5<sup>th</sup> in Malaysia out of the 21 Malaysian palm oil producers, processors and traders assessed by the Zoological Society of London's Sustainability Policy Transparency Toolkit (ZSL SPOTT). In line with its commitment towards being a responsive sustainable palm oil producer in compliance with global sustainability standards for agriculture production, HSP has obtained various sustainability certifications for its operations.

### Keep your eye on

Given the Malaysian palm oil industry's heavy reliance on foreign workers, we will keep an eye on HSP's labour practices, as well as the increased scrutiny of forced labour allegations in the palm oil industry.

### Implications

We believe that HSP fares better than its peers in managing its labour force, given its contiguous estates in Sabah. As of 1Q22, HSP's labour force stands at c.99% of its labour requirements. To further mitigate this risk, HSP is in the process of mechanising certain aspects of its estates with a view of reducing cost and labour dependency.

### ESG highlights

HSP was ranked 5<sup>th</sup> in Malaysia out of 21, and 19<sup>th</sup> globally by ZSL SPOTT out of 100 palm oil producers, processors, and traders. It achieved a score of 73% in the latest assessment in Nov 20. As part of HSP's efforts to benchmark its best practices against global standards in key sustainable areas of its business, HSP has obtained The Roundtable on Sustainable Palm Oil (RSPO) certifications for all of its four palm oil mills and 82% of its landbank, and the Malaysian Sustainable Palm Oil (MSPO) certification for all its 15 estates and mills. This has led to 72% of its CPO produced being certified sustainable palm oil (CSPO). HSP targets to ensure all its FFB, whether sourced internally or externally, achieves RSPO certification by 2022F (currently 81%).

### Implications

We believe that HSP fares well among the listed planters in Malaysia in terms of ESG given its relatively high SPOTT rating, as well as the numerous certifications it has obtained aside from RSPO and MSPO (Fig 5). The certifications allow for price premiums for HSP's CSPO, better access to international markets, as well as improved compliance with regulatory requirements. We have not factored in any price premiums for CSPO into our forecasts at this juncture.

### Trends

In 2020, a biogas facility at its Bukit Mas Palm Oil Mill (BPOM) was commissioned. With this new facility, the company has met its target of utilising renewable energy for BPOM. This brings its total biogas facilities to three, with another one targeted to be commissioned in FY22F. The biogas facilities function to capture methane from palm oil mill effluents (POME), the main waste type derived from the production of CPO, and converts it into electricity.

### Implications

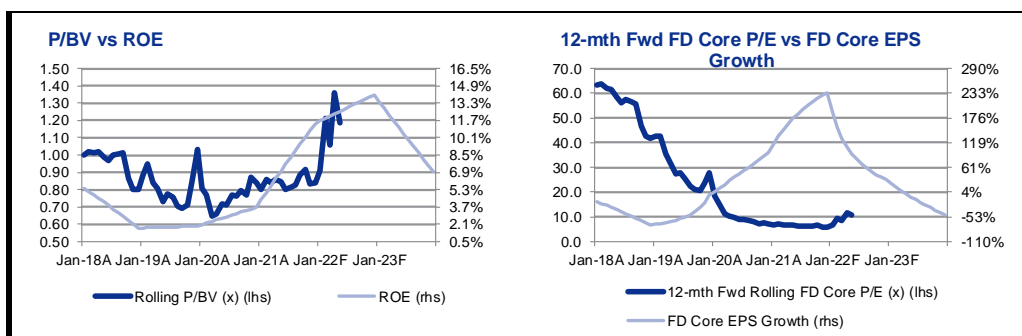
We view HSP's plans to increase its biogas facilities positively as 1) it reduces the amount of methane released to the environment, 2) it reduces its reliance on fossil fuels for energy generation, and 3) the byproducts from its biogas plants can replace costly fertilisers, thereby further improving its carbon footprint. The biogas facilities not only reduces operating expenditure, but also qualifies the company for a tax benefit from the government.

SOURCES: CGS-CIMB RESEARCH, REFINITIV

**Figure 5: Hap Seng Plantation's certifications obtained/maintained for its supply chain**

Certifications obtained/maintained in FY20	
Roundtable on Sustainable Palm Oil (RSPO)	Maintain 100% certification for all mills and 82% of its landbank
Malaysian Sustainable Palm Oil (MSPO)	Maintain 100% certification for all mills and 100% of its landbank
MSPO Supply Chain Certification Standard (MSPO SCCS)	Maintain 100% certification for all mills
International Sustainability & Carbon Certification EU (ISCC EU)	Maintain 100% certification for all mills
Hazard Analysis & Critical Control Points (HACCP)	Maintain 100% certification for all mills
Makanan Selamat Tanggungjawab Industri (MeSTI)	Obtained certification for all mills
Halal certification	Maintain 100% certification for all mills

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**BY THE NUMBERS**

**Profit & Loss**

(RMm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
<b>Total Net Revenues</b>	<b>467.6</b>	<b>670.8</b>	<b>984.5</b>	<b>694.7</b>	<b>665.6</b>
<b>Gross Profit</b>	<b>218.0</b>	<b>412.2</b>	<b>621.8</b>	<b>376.3</b>	<b>335.1</b>
<b>Operating EBITDA</b>	<b>172.6</b>	<b>349.3</b>	<b>459.8</b>	<b>267.3</b>	<b>233.9</b>
Depreciation And Amortisation	(87.7)	(86.5)	(88.3)	(90.2)	(92.1)
<b>Operating EBIT</b>	<b>85.0</b>	<b>262.8</b>	<b>371.5</b>	<b>177.1</b>	<b>141.8</b>
Financial Income/(Expense)	1.8	3.5	6.1	8.5	10.6
Pretax Income/(Loss) from Assoc.	0.0	0.0	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>86.8</b>	<b>266.3</b>	<b>377.5</b>	<b>185.5</b>	<b>152.4</b>
Exceptional Items	21.6	24.0	0.0	0.0	0.0
<b>Pre-tax Profit</b>	<b>108.4</b>	<b>290.3</b>	<b>377.5</b>	<b>185.5</b>	<b>152.4</b>
Taxation	(18.1)	(66.2)	(105.6)	(44.5)	(36.6)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>90.3</b>	<b>224.0</b>	<b>271.9</b>	<b>141.0</b>	<b>115.8</b>
Minority Interests	0.0	0.0	0.0	0.0	0.0
Preferred Dividends	0.0	0.0	0.0	0.0	0.0
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>90.3</b>	<b>224.0</b>	<b>271.9</b>	<b>141.0</b>	<b>115.8</b>
Recurring Net Profit	61.4	205.5	271.9	141.0	115.8
<b>Fully Diluted Recurring Net Profit</b>	<b>61.4</b>	<b>205.5</b>	<b>271.9</b>	<b>141.0</b>	<b>115.8</b>

**Cash Flow**

(RMm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
<b>EBITDA</b>	<b>172.6</b>	<b>349.3</b>	<b>459.8</b>	<b>267.3</b>	<b>233.9</b>
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(10.7)	(0.7)	(18.7)	19.9	2.2
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	(21.1)	(23.7)	0.0	0.0	0.0
Other Operating Cashflow	21.6	24.0	0.0	0.0	0.0
Net Interest (Paid)/Received	(1.6)	(1.2)	6.1	8.5	10.6
Tax Paid	(24.1)	(70.2)	(105.6)	(44.5)	(36.6)
<b>Cashflow From Operations</b>	<b>136.8</b>	<b>277.5</b>	<b>341.5</b>	<b>251.1</b>	<b>210.1</b>
Capex	(54.7)	(57.8)	(57.8)	(57.8)	(57.8)
Disposals Of FAs/subsidiaries	77.6	0.1	0.0	0.0	0.0
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(107.9)	(96.6)	0.0	0.0	0.0
<b>Cash Flow From Investing</b>	<b>(85.0)</b>	<b>(154.2)</b>	<b>(57.8)</b>	<b>(57.8)</b>	<b>(57.8)</b>
Debt Raised/(repaid)	(9.5)	(9.9)	0.0	0.0	0.0
Proceeds From Issue Of Shares	0.0	0.0	0.0	0.0	0.0
Shares Repurchased					
Dividends Paid	(28.0)	(56.0)	(163.2)	(84.6)	(69.5)
Preferred Dividends					
Other Financing Cashflow					
<b>Cash Flow From Financing</b>	<b>(37.5)</b>	<b>(65.9)</b>	<b>(163.2)</b>	<b>(84.6)</b>	<b>(69.5)</b>
Total Cash Generated	14.3	57.4	120.6	108.8	82.8
<b>Free Cashflow To Equity</b>	<b>42.3</b>	<b>113.4</b>	<b>283.8</b>	<b>193.4</b>	<b>152.3</b>
<b>Free Cashflow To Firm</b>	<b>54.4</b>	<b>125.6</b>	<b>286.1</b>	<b>195.7</b>	<b>154.6</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	259	418	538	647	730
Total Debtors	32	14	35	26	25
Inventories	54	91	127	90	86
Total Other Current Assets	35	70	70	70	70
<b>Total Current Assets</b>	<b>380</b>	<b>593</b>	<b>770</b>	<b>833</b>	<b>911</b>
Fixed Assets	1,802	1,711	1,680	1,648	1,613
Total Investments	0	0	0	0	0
Intangible Assets	0	0	0	0	0
Total Other Non-Current Assets	0	66	66	66	66
<b>Total Non-current Assets</b>	<b>1,802</b>	<b>1,777</b>	<b>1,746</b>	<b>1,714</b>	<b>1,679</b>
Short-term Debt	0	0	0	0	0
Current Portion of Long-Term Debt					
Total Creditors	33	52	90	64	61
Other Current Liabilities	15	13	13	13	13
<b>Total Current Liabilities</b>	<b>48</b>	<b>64</b>	<b>103</b>	<b>76</b>	<b>74</b>
Total Long-term Debt	0	0	0	0	0
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	46	43	43	43	43
<b>Total Non-current Liabilities</b>	<b>46</b>	<b>43</b>	<b>43</b>	<b>43</b>	<b>43</b>
Total Provisions	373	379	379	379	379
<b>Total Liabilities</b>	<b>467</b>	<b>486</b>	<b>525</b>	<b>498</b>	<b>496</b>
Shareholders' Equity	1,715	1,883	1,992	2,048	2,094
Minority Interests	0	0	0	0	0
<b>Total Equity</b>	<b>1,715</b>	<b>1,883</b>	<b>1,992</b>	<b>2,048</b>	<b>2,094</b>

### Key Ratios

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue Growth	11.7%	43.5%	46.8%	(29.4%)	(4.2%)
Operating EBITDA Growth	39%	102%	32%	(42%)	(12%)
Operating EBITDA Margin	36.9%	52.1%	46.7%	38.5%	35.1%
Net Cash Per Share (RM)	0.32	0.52	0.67	0.81	0.91
BVPS (RM)	2.14	2.35	2.49	2.56	2.62
Gross Interest Cover	33.6	113.2	161.6	77.0	61.7
Effective Tax Rate	16.7%	22.8%	28.0%	24.0%	24.0%
Net Dividend Payout Ratio	81.5%	68.0%	60.0%	60.0%	60.0%
Accounts Receivables Days	22.00	10.92	7.78	14.07	11.93
Inventory Days	77.0	102.6	110.0	124.7	97.6
Accounts Payables Days	17.85	21.84	39.25	51.47	33.50
ROIC (%)	4.3%	14.0%	19.7%	9.4%	7.8%
ROCE (%)	4.3%	12.4%	16.4%	7.8%	6.3%
Return On Average Assets	3.1%	8.6%	10.9%	5.2%	4.1%

### Key Drivers

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Planted Estates (ha)	35,434.0	35,434.0	35,434.0	35,434.0	35,434.0
Mature Estates (ha)	32,286.0	32,436.0	32,137.9	31,951.1	31,834.0
FFB Yield (tonnes/ha)	19.7	18.3	20.5	21.5	22.5
FFB Output Growth (%)	-5.5%	-7.7%	11.4%	4.4%	4.4%
CPO Price (US\$/tonne)	663.6	1,069.5	1,310.7	867.8	799.3

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS



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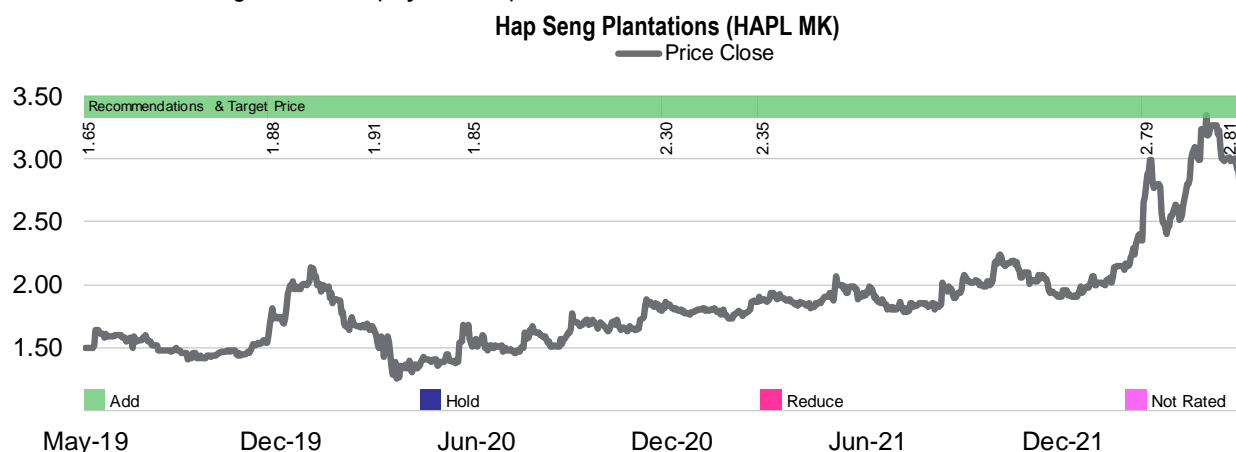
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### Spitzer Chart for stock being researched ( 2 year data )



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

**ADVANC** – Excellent, Certified, **AMATA** – Excellent, Certified, **ANAN** – Excellent, n/a, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Excellent, n/a, **AWC** – Excellent, Declared, **AU** – Good, n/a, **BAM** – Very Good, Certified, **BAY** – Excellent, Certified, **BBL** – Excellent, Certified, **BCH** – Very Good, Certified, **BCP** - Excellent, Certified, **BCPG** – Excellent, Certified, **BDMS** – Excellent, n/a, **BEAUTY** – Good, n/a, **BEM** – Excellent, n/a, **BH** - Good, n/a, **BJC** – Very Good, n/a, **BLA** – Very Good, Certified, **BTS** - Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – n/a, n/a, **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.