

## Malaysia

### ADD (no change)

Consensus ratings\*: Buy 10 Hold 1 Sell 1

Current price:	RM1.02
Target price:	RM1.33
Previous target:	RM1.33
Up/downside:	29.9%
CGS-CIMB / Consensus:	7.9%
Reuters:	VSID.KL
Bloomberg:	VSI MK
Market cap:	US\$886.0m
	RM3,904m
Average daily turnover:	US\$1.22m
	RM5.33m
Current shares o/s:	3,812m
Free float:	60.3%

\*Source: Bloomberg

### Key changes in this note

➤ None.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	7.4	1	-22.1
Relative (%)	13.6	11.2	-14.4

### Major shareholders

	% held
Beh/Gan Family	28.1
KWAP	11.4

### Analyst(s)



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# VS Industry Bhd

## Sequentially stronger quarters ahead

- VSI's 9MFY7/22 fell 34.6% yoy mainly due to scarcity-led inefficiencies.
- We remain cautious on margin erosions from supply chain disruptions but anticipate a brighter FY23-24F following an alleviation of these issues.
- VSI has started restoring its workforce in 3Q, which should lead to stronger qoq sales. Reiterate Add with TP of RM1.33 (15.7x CY23F P/E).

### Scarcity-led inefficiencies led to a yoy weaker 9MFY7/22

VS Industry (VSI) reported a 9MFY22 core net profit of RM134m, which we deem as in line with our expectations but above Bloomberg consensus as it makes up 74%/67% of our/Bloomberg consensus forecasts. 9MFY22 core net profit fell 34.6% yoy to RM134m on the back of operational inefficiencies due to: 1) a scarcity-led rise in raw material and labour costs, 2) higher depreciation costs from its new facilities, and 3) continued suboptimal production levels for its new key customer, which commenced in 1QFY22. A third interim DPS of 0.4 sen (3QFY21: 0.8 sen) was announced, bringing 9MFY22 DPS to 1.2 sen (9MFY22: 3.2 sen), within our expectations.

### Margin accretions from better product mix offset weaker sales

VSI recorded a qoq revenue decline of 8.5% in 3QFY22, mainly owing to weaker sales volumes. We reckon that VSI continues to be affected by operational inefficiencies driven by its labour shortages and rising costs from component shortages, particularly semiconductor components, which essentially dragged down its PCBA operations into losses. However, the group had benefitted from a better product assortment mix, which we estimate likely came from higher sales of its pool-cleaning product for its Malaysian operations, which typically garners relatively higher margins. This allowed VS to book an EBITDA margin expansion of 1.8%-pt to 10.3% for 3QFY22, leading to a 13.7% qoq rise in its 3QFY22 core net profit to RM50.5m. Nevertheless, this was still 31% lower vs. 3QFY21 core net profit of RM73m, owing to supply chain issues mentioned above.

### Worker replenishment to lead to sequentially stronger quarters

We expect stronger revenue momentum in the upcoming quarters from a ramp-up in production for Customer Y as well as for three new models secured in 1QFY22 from Customer X. Nevertheless, we remain cautious on the impact of supply chain disruptions on its operations, particularly component shortages. On the labour front, VS shared that it has received a new batch of workers in the 3Q and will continue to replenish its workforce in the subsequent quarters. This should lead to sequentially stronger sales, in our view. While we anticipate a gradual replenishment of its workforce going into FY23F, we expect component shortages to continue to plague the industry well into 1HFY23F. We keep our Add call on VSI with a TP of RM1.33, based on 15.7x CY23F P/E, in line with its historical 5-year mean P/E. Its robust order flows outlook coupled with an alleviation of their shortages underpins our estimates of a core EPS growth of 58%/41% yoy in FY23/24F. We like VSI for its diversified customer base as well as undemanding valuations. Upside risks include securing new clients, especially for its China operations. Downside risks include lower-than-expected end-demand for its products.

### Financial Summary

	Jul-20A	Jul-21A	Jul-22F	Jul-23F	Jul-24F
Revenue (RMm)	3,243	4,002	4,437	5,322	6,252
Net Profit (RMm)	116.5	245.5	182.2	287.9	405.2
Normalised EPS (RM)	0.04	0.07	0.05	0.08	0.11
Normalised EPS Growth	(31%)	100%	(33%)	58%	41%
FD Normalised P/E (x)	28.87	14.41	21.34	13.50	9.59
Price To Sales (x)	1.19	0.97	0.88	0.73	0.62
DPS (RM)	0.026	0.042	0.016	0.025	0.036
Dividend Yield	2.55%	4.12%	1.57%	2.48%	3.49%
EV/EBITDA (x)	14.11	8.70	10.71	7.51	5.49
P/FCFE (x)	37.0	127.4	21.8	19.1	12.1
Net Gearing	(8.1%)	0.1%	(2.9%)	(5.8%)	(10.6%)
P/BV (x)	2.27	1.91	1.81	1.67	1.52
ROE	8.1%	14.4%	8.7%	12.9%	16.6%
Normalised EPS/consensus EPS (x)			0.94	0.96	1.16

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## Sequentially stronger quarters ahead

### Re-rating catalysts and downside risks ►

VSI has appointed PwC Consulting to conduct a social compliance audit, mainly pertaining to its recalibrated workers among its foreign workforce, although the scope of the audit extends to its entire workforce, including locals. We believe that the findings of the audit report, which is likely to be released end-Jun/early Jul 22 will be a key focus area among investors and a positive outcome from the report should serve as a re-rating catalyst for the stock.

Figure 1: Results comparison

FYE Jul (RM m)	3QFY22	3QFY21	yoy % chg	qoq % chg	3QFY22 cum	3QFY21 cum	yoy % chg	Prev FY22F	Comments
Revenue	927.6	1,074.8	-13.7	-8.5	2,909.7	3,061.2	-4.9	4,437.1	Revenue decline on a yoy basis largely due to lower contribution from its China operations as well as lower PCBA orders at its Malaysia operations
Operating costs	(831.8)	(945.4)	-12.0	-10.3	(2,645.7)	(2,703.9)	-2.2	(4,067.3)	
<b>EBITDA</b>	<b>95.8</b>	<b>129.4</b>	<b>-26.0</b>	<b>11.0</b>	<b>264.0</b>	<b>357.3</b>	<b>-26.1</b>	<b>369.7</b>	
<i>EBITDA margin (%)</i>	10.3	12.0	-1.7	1.8	9.1	11.7	-2.6	8.3	Sharp drop in margins owing to higher labour and raw material costs, suboptimal production levels its new key customer at its Malaysia operations as well as worker and component shortages leading to lower operational efficiencies
Depn & amort.	(30.8)	(26.4)	17.0	2.0	(90.3)	(75.8)	19.1	(118.7)	
EBIT	65.0	103.0	-37.0	15.8	173.7	281.5	-38.3	251.1	
Interest expense	(2.8)	(2.3)	23.5	7.6	(8.4)	(8.2)	2.3	(11.3)	
Interest & invt inc	0.4	0.9	-59.4	-56.7	2.2	3.1	-28.8	5.6	
Associates' contrib	(0.4)	(2.7)	nm	nm	(1.3)	(2.0)	nm	0.0	
Exceptionals	0.8	0.6	24.7	nm	1.5	(1.2)	nm	0.0	Exceptional items include loss/gain on disposal on PPE
<b>Pretax profit</b>	<b>62.9</b>	<b>99.6</b>	<b>-36.9</b>	<b>16.3</b>	<b>167.8</b>	<b>273.3</b>	<b>-38.6</b>	<b>245.4</b>	
Tax	(14.8)	(27.2)	-45.6	25.7	(39.1)	(73.4)	-46.7	(66.3)	
Tax rate (%)	23.5	27.3	-3.8	1.8	23.3	26.9	-3.6	27.0	
Minority interests	(3.2)	(1.0)	233	47.2	(7.0)	(4.0)	-3.0	(3.0)	
Net profit	51.3	73.4	-30.1	15.3	135.7	203.9	-33.4	182.2	
<b>Core net profit</b>	<b>50.5</b>	<b>72.8</b>	<b>-30.6</b>	<b>13.7</b>	<b>134.2</b>	<b>205.0</b>	<b>-34.6</b>	<b>182.2</b>	<b>In line with expectations, at 74% of our expectations</b>
EPS (sen)	1.3	1.9	-30.1	14.4	3.5	3.4	2.3	4.7	
Core EPS (sen)	1.3	1.9	-30.6	12.8	3.4	3.4	0.6	4.7	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 2: Segmental breakdown

FYE Jul (RM m)	3QFY22	3QFY21	yoy % chg	qoq % chg	3QFY22 cum	3QFY21 cum	yoy % chg	Comments
<b>External Revenue</b>								
Malaysia	825.1	939.1	-12.1%	-7.9%	2,575.2	2,658.7	-3.1%	Yoy decline owing to lower delivery to customers owing to component and labour shortages
Indonesia	83.9	95.2	-11.9%	-5.8%	252.3	268.7	-6.1%	Revenue decline due to weaker sales orders from key customers
China	11.5	37.0	-69.1%	-52.0%	67.3	123.8	-45.7%	Lower utilisation rate in line with slowing down of operations
<b>Total Revenue*</b>	<b>920.4</b>	<b>1,071.3</b>	<b>-14.1%</b>	<b>-8.7%</b>	<b>2,894.8</b>	<b>3,051.3</b>	<b>-5.1%</b>	
<b>Segment PBT</b>								
Malaysia	67.7	99.7	-32.1%	25.3%	172.1	271.2	-36.6%	Weaker PBT owing to higher labour and raw material costs, higher depreciation as well as suboptimal production levels for its new key customer's products
Indonesia	2.4	2.9	-19.5%	-41.3%	8.5	8.2	4.0%	Stronger yoy segment pretax profit in 1HFY22 on the back of better utilisation and economies of scale offset the weaker 3QFY22 profits
China	(6.5)	(1.8)	nm	18.3%	(15.2)	(7.9)	92.9%	Continues to be affected by capacity underutilisation and rising costs
<b>Total PBT*</b>	<b>63.5</b>	<b>100.9</b>	<b>-37.0%</b>	<b>20.9%</b>	<b>165.4</b>	<b>271.5</b>	<b>-39.1%</b>	
<b>PBT margin</b>								
			<b>% pts</b>	<b>% pts</b>			<b>% pts</b>	
Malaysia	8.2%	10.6%	-2.4%	2.2%	6.7%	10.2%	-3.5%	
Indonesia	2.8%	3.1%	-0.3%	-1.7%	3.4%	3.0%	0.3%	
China	-56.9%	-4.7%	-52.2%	-33.8%	-22.6%	-6.4%	-16.2%	
<b>Total PBT margin</b>	<b>6.9%</b>	<b>9.4%</b>	<b>-2.5%</b>	<b>1.7%</b>	<b>5.7%</b>	<b>8.9%</b>	<b>-3.2%</b>	

\*Total Revenue, PBT and PBT Margins differs from Figure 1 as it excludes other non-reportable segments and share of associates' profit

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## ESG in a nutshell

DBL-Click to DEL Table



VSI is one of the largest electronic manufacturing services (EMS) players in South East Asia and is involved in the manufacturing, assembly and sale of plastic mould components and parts. It also has an electronic product business division. VSI aims to deliver sustainable shared value via five pillars: Environment, Welfare of Employees, Community, Marketplace and Suppliers. VSI has been included in the FTSE4Good Bursa Malaysia Index since Jun 2018.

### Keep your eye on

VSI recently worked with migrant worker rights specialist Andy Hall to address any potential gaps it faced in its labour practices. They had both identified potential labour issues that could be present among VSI's workers hired through the Recalibrated Worker programme. Pursuant to that, VSI hired PwC to conduct an independent social compliance audit (based on the 11 International Labour Organization (ILO) indicators of forced labour), which will encompass all of VSI's workers, both local and foreign.

### Implications

We believe that the audit findings will remain a key focus area among investors. We believe any potential issues raised in the audit will allow VSI to address these gaps, which could potentially serve as an unwritten certification that VSI's operations have zero elements of forced labour. This will not only reduce the risk of loss of key customers but could also serve as a strong re-rating catalyst for the stock, in our view. We have lowered our P/E valuations previously to partially reflect the ESG risks present in this development.

### ESG highlights

On the environmental front, VSI allocates resources to waste management, particularly the handling of non-scheduled waste. The volume of recycled waste at VSI increased by 26.7% in FY20 (vs. FY19). Noise pollution and air emissions are less of an issue for VSI compared with other manufacturing companies.

### Implications

We believe that VSI's focus on maintaining its competitiveness as a manufacturing partner requires it to continuously improve its manufacturing practices. This includes the implementation of a lean manufacturing programme, which targets to reduce wasteful processes, materials and defects in its production.

### Trends

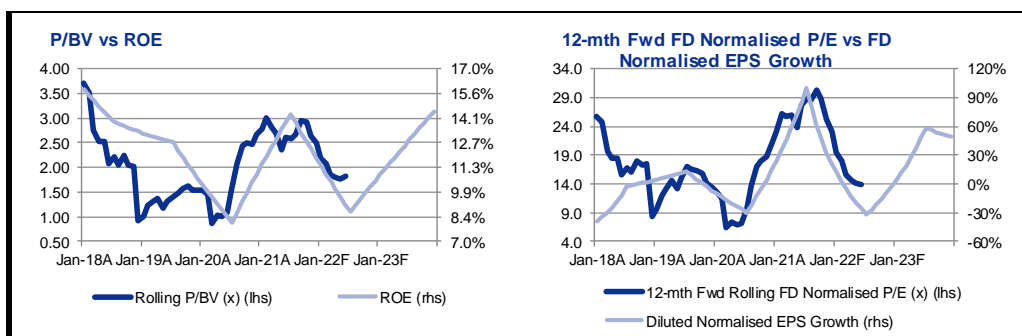
Given the increasing attention on forced labour practices in Malaysia and South East Asia, VSI's treatment and sourcing of labour will be a key trend to watch. Changes in government policies regarding labour, including sourcing requirements and minimum wages, will impact VSI.

### Implications

In addition to adhering to stringent labour standards, VSI invested in new machines and equipment to increase automation and boost the productivity of its workforce. A portion of the RM64m capital expenditure it spent in FY20 was utilised for investments in new technology and initiatives to boost productivity. In addition, VSI is investing in the construction of new hostels, which cost c.RM30m for FY23F. The hostels comply with the Workers' Minimum Standards of Housing and Amenities Act, 1990 (No. 446).

SOURCES: CGS-CIMB RESEARCH, REFINITIV

## BY THE NUMBERS



### Profit & Loss

(RMm)	Jul-20A	Jul-21A	Jul-22F	Jul-23F	Jul-24F
<b>Total Net Revenues</b>	<b>3,243</b>	<b>4,002</b>	<b>4,437</b>	<b>5,322</b>	<b>6,252</b>
<b>Gross Profit</b>	<b>321</b>	<b>527</b>	<b>399</b>	<b>532</b>	<b>625</b>
<b>Operating EBITDA</b>	<b>271</b>	<b>463</b>	<b>370</b>	<b>517</b>	<b>680</b>
Depreciation And Amortisation	-92	-101	-119	-126	-130
<b>Operating EBIT</b>	<b>179</b>	<b>362</b>	<b>251</b>	<b>391</b>	<b>550</b>
Financial Income/(Expense)	-10	-7	-6	-2	-1
Pretax Income/(Loss) from Assoc.	2	-1	0	2	2
Non-Operating Income/(Expense)	0	0	0	0	0
<b>Profit Before Tax (pre-EI)</b>	<b>171</b>	<b>354</b>	<b>245</b>	<b>390</b>	<b>551</b>
Exceptional Items	-18	-24	0	0	0
<b>Pre-tax Profit</b>	<b>153</b>	<b>329</b>	<b>245</b>	<b>390</b>	<b>551</b>
Taxation	-49	-88	-66	-105	-149
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>104</b>	<b>242</b>	<b>179</b>	<b>285</b>	<b>402</b>
Minority Interests	12	4	3	3	3
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Preference Dividends (Australia)					
<b>Net Profit</b>	<b>116</b>	<b>246</b>	<b>182</b>	<b>288</b>	<b>405</b>
Normalised Net Profit	122	266	179	285	402
<b>Fully Diluted Normalised Profit</b>	<b>134</b>	<b>270</b>	<b>182</b>	<b>288</b>	<b>405</b>

### Cash Flow

(RMm)	Jul-20A	Jul-21A	Jul-22F	Jul-23F	Jul-24F
<b>EBITDA</b>	<b>270.9</b>	<b>463.1</b>	<b>369.7</b>	<b>516.7</b>	<b>679.8</b>
Cash Flow from Inv. & Assoc.					
Change In Working Capital	71.2	(270.8)	19.5	(156.4)	(160.5)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	57.8	11.3	11.3	11.3	11.3
Other Operating Cashflow					
Net Interest (Paid)/Received	(10.2)	(7.3)	(5.7)	(2.3)	(0.9)
Tax Paid	(49.2)	(100.7)	(66.3)	(105.4)	(148.8)
<b>Cashflow From Operations</b>	<b>340.4</b>	<b>95.6</b>	<b>328.6</b>	<b>263.9</b>	<b>381.0</b>
Capex	(115.6)	(233.6)	(150.0)	(60.0)	(60.0)
Disposals Of FAs/subsidiaries	13.4	10.5	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	(9.5)	3.8	0.0	0.0	0.0
Other Investing Cashflow	2.9	6.1	0.0	0.0	0.0
<b>Cash Flow From Investing</b>	<b>(108.9)</b>	<b>(213.2)</b>	<b>(150.0)</b>	<b>(60.0)</b>	<b>(60.0)</b>
Debt Raised/(repaid)	(126.8)	148.1	0.0	0.0	0.0
Proceeds From Issue Of Shares	20.5	49.2	0.0	0.0	0.0
Shares Repurchased	0.0	0.0	0.0	0.0	0.0
Dividends Paid	(48.1)	(105.7)	(72.9)	(115.2)	(162.1)
Preferred Dividends					
Other Financing Cashflow	(15.2)	(0.1)	(11.3)	(11.3)	(11.3)
<b>Cash Flow From Financing</b>	<b>(169.5)</b>	<b>91.6</b>	<b>(84.1)</b>	<b>(126.4)</b>	<b>(173.4)</b>
Total Cash Generated	62.0	(26.1)	94.4	77.4	147.6
<b>Free Cashflow To Equity</b>	<b>104.8</b>	<b>30.5</b>	<b>178.6</b>	<b>203.9</b>	<b>321.0</b>
<b>Free Cashflow To Firm</b>	<b>248.8</b>	<b>(106.3)</b>	<b>189.9</b>	<b>215.2</b>	<b>332.2</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**BY THE NUMBERS... cont'd**
**Balance Sheet**

(RMm)	Jul-20A	Jul-21A	Jul-22F	Jul-23F	Jul-24F
Total Cash And Equivalents	405	402	471	548	696
Total Debtors	884	992	1,094	1,312	1,542
Inventories	332	637	664	787	925
Total Other Current Assets	106	201	201	201	201
<b>Total Current Assets</b>	<b>1,727</b>	<b>2,232</b>	<b>2,430</b>	<b>2,849</b>	<b>3,364</b>
Fixed Assets	847	990	1,052	991	926
Total Investments	152	267	267	267	267
Intangible Assets	0	0	0	0	0
Total Other Non-Current Assets	107	109	109	109	109
<b>Total Non-current Assets</b>	<b>1,107</b>	<b>1,366</b>	<b>1,428</b>	<b>1,367</b>	<b>1,302</b>
Short-term Debt	224	316	316	316	316
Current Portion of Long-Term Debt					
Total Creditors	576	847	996	1,181	1,387
Other Current Liabilities	39	37	37	37	37
<b>Total Current Liabilities</b>	<b>839</b>	<b>1,200</b>	<b>1,349</b>	<b>1,534</b>	<b>1,740</b>
Total Long-term Debt	28	89	89	89	89
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	24	24	24	24	24
<b>Total Non-current Liabilities</b>	<b>52</b>	<b>112</b>	<b>112</b>	<b>112</b>	<b>112</b>
Total Provisions	66	68	68	68	68
<b>Total Liabilities</b>	<b>957</b>	<b>1,381</b>	<b>1,529</b>	<b>1,715</b>	<b>1,921</b>
Shareholders' Equity	1,709	2,041	2,150	2,323	2,566
Minority Interests	168	177	177	177	177
<b>Total Equity</b>	<b>1,877</b>	<b>2,218</b>	<b>2,327</b>	<b>2,500</b>	<b>2,743</b>

**Key Ratios**

	Jul-20A	Jul-21A	Jul-22F	Jul-23F	Jul-24F
Revenue Growth	(18.5%)	23.4%	10.9%	19.9%	17.5%
Operating EBITDA Growth	(18.1%)	70.9%	(20.2%)	39.7%	31.6%
Operating EBITDA Margin	8.4%	11.6%	8.3%	9.7%	10.9%
Net Cash Per Share (RM)	0.040	(0.001)	0.017	0.038	0.076
BVPS (RM)	0.45	0.54	0.56	0.61	0.67
Gross Interest Cover	10.37	32.04	22.24	34.61	48.72
Effective Tax Rate	31.9%	26.6%	27.0%	27.0%	27.0%
Net Dividend Payout Ratio	35.8%	39.2%	40.0%	40.0%	40.0%
Accounts Receivables Days	106.0	85.6	85.8	82.5	83.5
Inventory Days	44.05	50.85	58.77	55.29	55.69
Accounts Payables Days	80.41	74.73	83.28	82.94	83.53
ROIC (%)	7.7%	16.5%	9.3%	14.2%	19.1%
ROCE (%)	8.3%	15.0%	9.4%	13.8%	18.1%
Return On Average Assets	4.43%	8.45%	4.92%	7.10%	9.07%

**Key Drivers**

	Jul-20A	Jul-21A	Jul-22F	Jul-23F	Jul-24F
Customer X (RM m)	1,300.0	1,275.6	1,403.2	1,613.7	1,855.7
Coffee Brewer Customer (RM m)	715.0	717.5	717.5	753.4	791.1
Pool Cleaner Customer (RM m)	227.0	358.8	394.6	453.8	521.9
US-Based customer (RM m)	162.0	797.3	956.7	1,052.4	1,157.6
Customer Y (US-Based) (RM m)	-	-	150.0	550.0	900.0
Others (RM m)	164.3	318.9	334.8	351.6	386.7
Blended EBITDA margin (%)	8.4%	11.6%	8.3%	9.7%	10.9%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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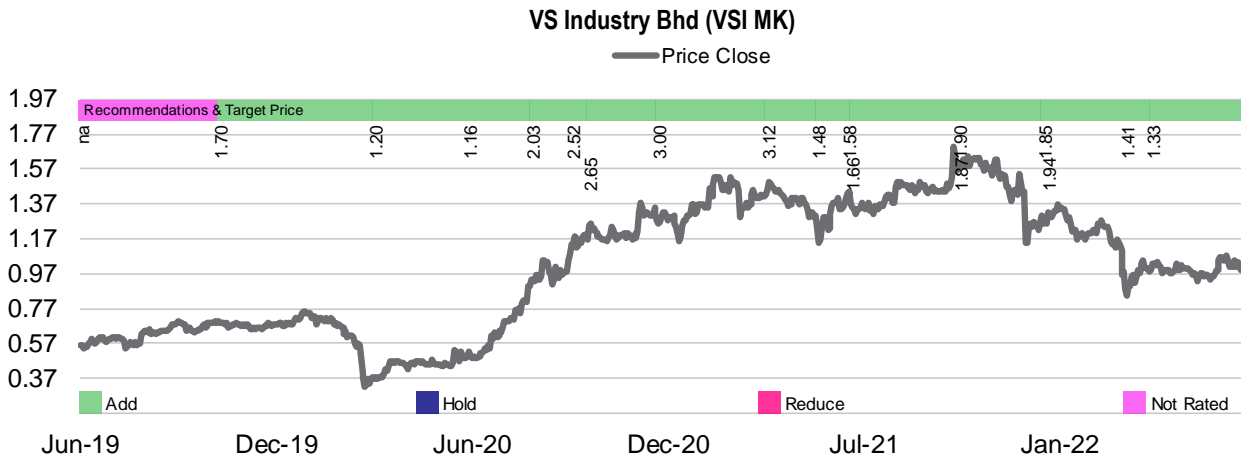
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Distribution of stock ratings and investment banking clients for quarter ended on 31 March 2022		
632 companies under coverage for quarter ended on 31 March 2022		
	Rating Distribution (%)	Investment Banking clients (%)
Add	70.3%	0.8%
Hold	22.0%	0.0%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

