

Malaysia

**ADD** (no change)

Consensus ratings\*: Buy 10 Hold 1 Sell 0

Current price:	RM14.90
Target price:	RM19.60
Previous target:	RM12.80
Up/downside:	31.5%
CGS-CIMB / Consensus:	46.7%
Reuters:	SUPM.KL
Bloomberg:	SUCB MK
Market cap:	US\$4,508m
	RM19,242m
Average daily turnover:	US\$58.31m
	RM250.1m
Current shares o/s:	1,360m
Free float:	62.5%

\*Source: Bloomberg

**Key changes in this note**

➤ FY20-22F EPS increased by 6.1-76.7%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	103.6	688.4	819.8
Relative (%)	99.9	674.9	825.5

**Major shareholders**

	% held
Dato' Seri Thai Kim Sim, Stanley	20.7
Datin Seri Tan Bee Geok, Cheryl	15.3
Amanah Saham Nasional	1.5

**Analyst(s)**



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# Supermax Corp

## Adjusting for higher ASPs

- We reiterate our positive view on SUCB on prospects of higher-than-expected ASPs and earlier-than-expected commissioning of new capacity.
- On the back of the current robust global glove demand, SUCB plans to increase its capacity by 38.9% by end-CY21F (end-2QFY21).
- Reiterate Add, with a higher TP of RM19.60 (22.4x CY21 P/E).

### Global glove demand to rise in tandem with worsening Covid-19

Our channel checks with Supermax (SUCB) indicate that it expects global glove demand to remain robust up to at least end-1HCY20 owing to Covid-19. This is on the back of its current strong orderbook visibility (10-12 months from Jun 20 with deposits collected) and higher demand from existing customers and spot buyers. SUCB also believes the acute shortage of gloves globally will be further worsened by the prospects of a second-wave of Covid-19 given the recent rise in the number of new Covid-19 cases globally.

### Previous ASP assumptions understated

SUCB expects to post higher average selling prices (ASPs) on a qoq basis up to at least 2QCY21 (4QFY6/21). On the back of stronger-than-expected global glove demand, SUCB expects further ASP hikes in the upcoming quarters. This could also be further aided by higher allocation to spot orders (20% from our previous estimate of 15%) which generate higher ASPs leading to better margins. Note that our ASP growth assumptions for FY20/21/22F currently stand at +21%/+32%/-20% vs 12%/16%/-17.5% previously.

### Adding more capacity to cater for higher demand growth

SUCB aims to gradually grow its annual glove production capacity by 38.9% to 36.4bn by end-CY21F (1HFY6/22F) vs 27.1% to 33.7bn previously. On top of its existing expansion plans, SUCB will add a new glove plant (Plant 15 - 3.8bn pieces p.a.) as the previous tenant has vacated the property earlier than expected. This would allow SUCB to convert this property into a glove plant, with gradual commissioning of new lines in plant 15 from 4QCY20 (2QFY21) onwards.

### 4QFY6/20 net profit likely record high

From 4QFY6/20 results onwards, we expect SUCB to record sequentially better quarterly profits, driven by: i) higher ASPs; ii) a rise in production capacity; and iii) higher operating margins (new production lines have better cost efficiencies). We raise our FY20-22F EPS by 6.1-76.7% to account for these factors, especially the higher-than-expected ASPs.

### Reiterate Add with higher TP of RM19.60

Following our EPS upgrade, our TP rises to RM19.60, pegged to 22.4x CY21 P/E, (1 s.d. above 5-year mean), vs. 25x CY21 P/E (+1.5 s.d from its 5-year historical mean). The lower P/E to reflect our view that its earnings could peak in FY21F. We continue to like SUCB for its attractive valuations (31.2% discount to the Malaysian glove sector average CY21F P/E of 27.6x) and OBM business model which allows it to generate better margins vs. its peers.

### Financial Summary

	Jun-18A	Jun-19A	Jun-20F	Jun-21F	Jun-22F
Revenue (RMm)	1,304	1,489	2,517	4,398	3,698
Operating EBITDA (RMm)	212	231	769	2,203	1,381
Net Profit (RMm)	107	124	482	1,497	871
Core EPS (RM)	0.08	0.09	0.35	1.10	0.64
Core EPS Growth	59%	10%	311%	210%	(42%)
FD Core P/E (x)	190.0	172.9	42.0	13.5	23.3
DPS (RM)	0.04	0.03	0.14	0.44	0.26
Dividend Yield	0.27%	0.23%	0.95%	2.95%	1.72%
EV/EBITDA (x)	96.22	87.98	26.49	9.15	14.45
P/FCFE (x)	123.6	297.0	172.5	24.3	36.1
Net Gearing	28.5%	19.4%	21.6%	3.7%	(4.1%)
P/BV (x)	20.01	17.98	14.31	8.76	7.14
ROE	10.3%	11.0%	37.9%	80.2%	33.8%
% Change In Core EPS Estimates			6.1%	76.7%	66.1%
CGS-CIMB/Consensus EPS (x)			1.30	1.89	1.47

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

### Re-rating catalysts and downside risks

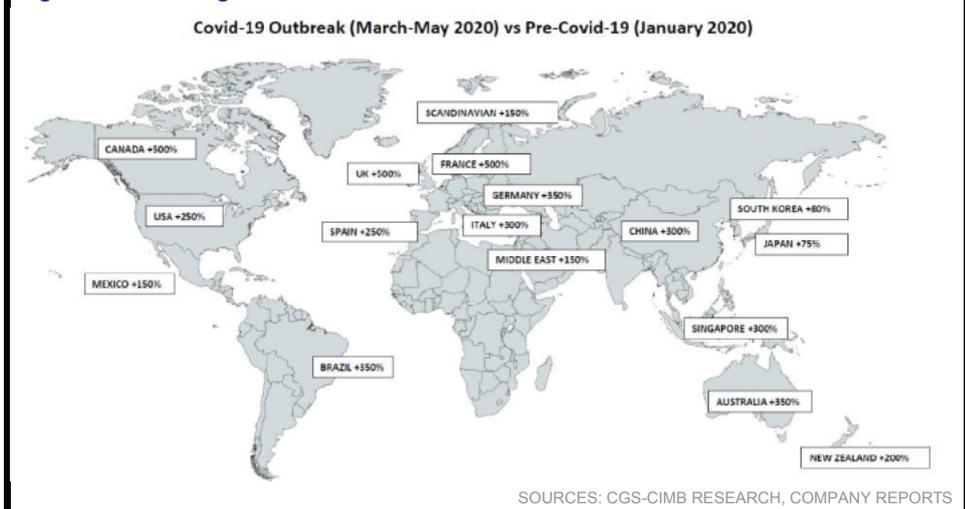
Potential re-rating catalysts include stronger-than-expected margin expansion for its glove division, and higher-than-expected increase in ASPs. Downside risks: discovery of a cure/vaccine for Covid-19, stiff pricing competition, and a spike in raw material prices.

**Figure 1: Earnings revision**

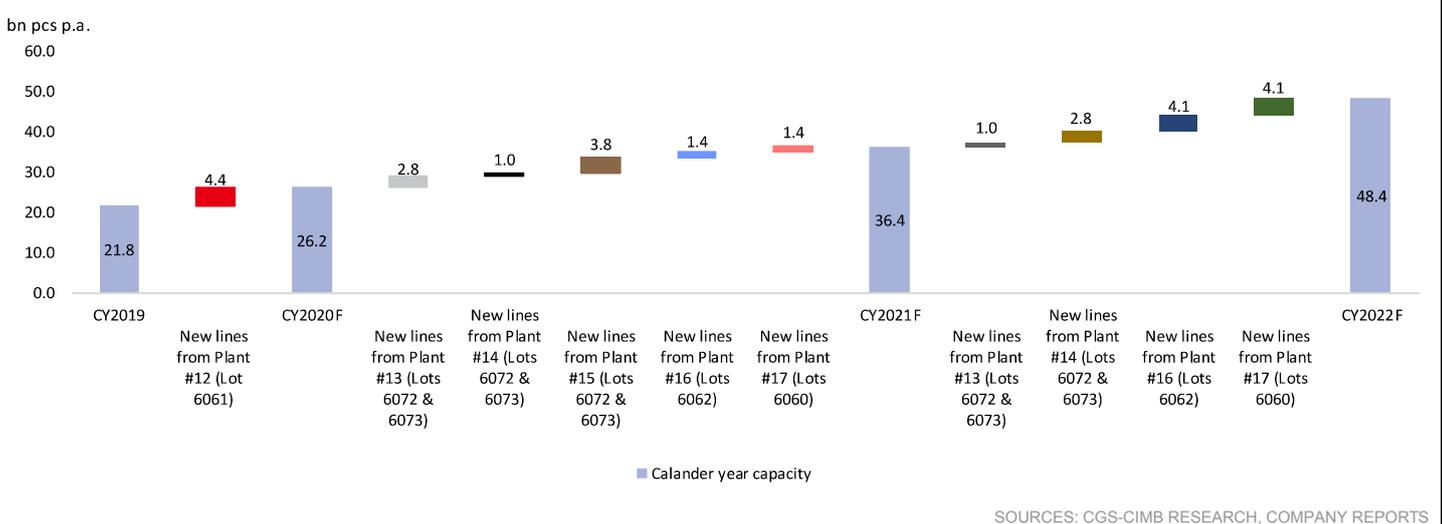
RM m	2019A	2020F			2021F			2022F		
		Old	New	%chg	Old	New	%chg	Old	New	%chg
Revenue	1,489	2,496	2,517	1%	3,388	4,398	30%	3,068	3,698	21%
EBITDA	231	742	769	4%	1,295	2,203	70%	835	1,381	65%
Core pretax profit	164	683	713	4%	1,235	2,161	75%	759	1,304	72%
Core net profit	117	455	482	6%	847	1,497	77%	524	871	66%
Core EPS (sen)	9	33	35	6%	62	110	77%	39	64	66%

SOURCES: CGS-CIMB, COMPANY REPORTS

**Figure 2: Demand growth from various countries**



**Figure 3: SUCB's capacity expansion plan CY19-22F**

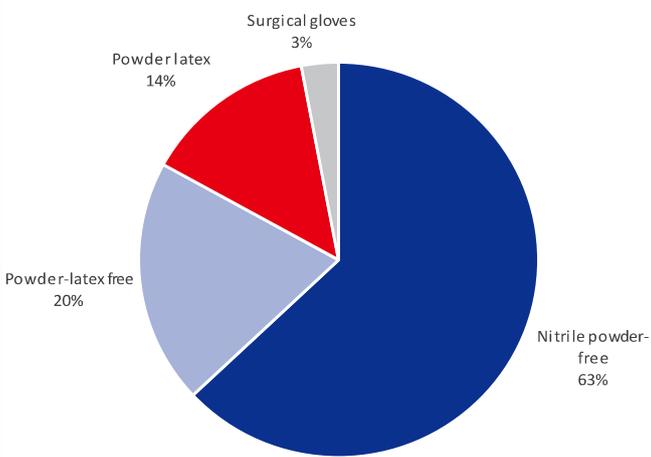


**Figure 4: Capex for capacity expansion**

New Capacity Expansion	Capex (RM m)	Target Completion Date (Calendar Year)
Plant #12 (Lot 6061)		
- Block B (production machineries only)	65	100%(2020)
Plant #13} (Lots 6072 & 6073)	230	75% (2021) 25% (2022)
Plant #14} (Lots 6072 & 6073)	230	25% (2021) 75% (2022)
Plant #15} (Lot 6062)	250	100% (2021)
Plant #16 & #17} (Lot 6062 & #6060)	520	25% (2021) 75% (2022)
<b>Total Capex (2020-2022F)</b>	<b>1,295</b>	<b>by end-2022F</b>

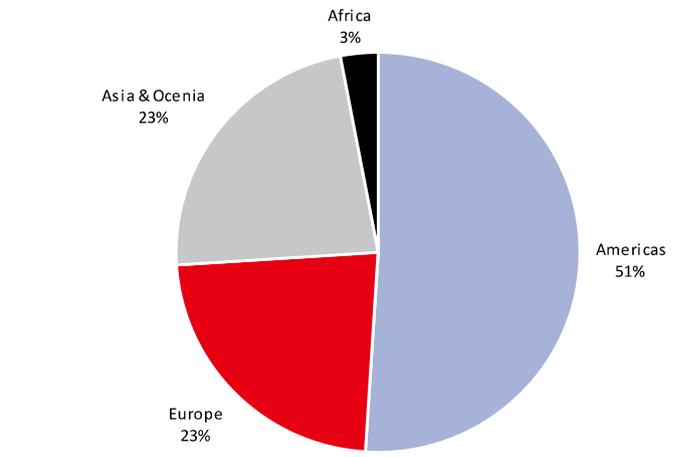
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 5: Product mix by revenue for 9MFY20**



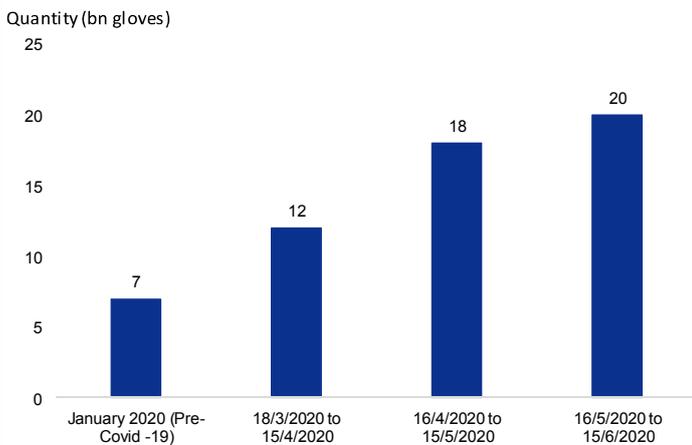
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 6: Group sales by geographical area for 9MFY20**



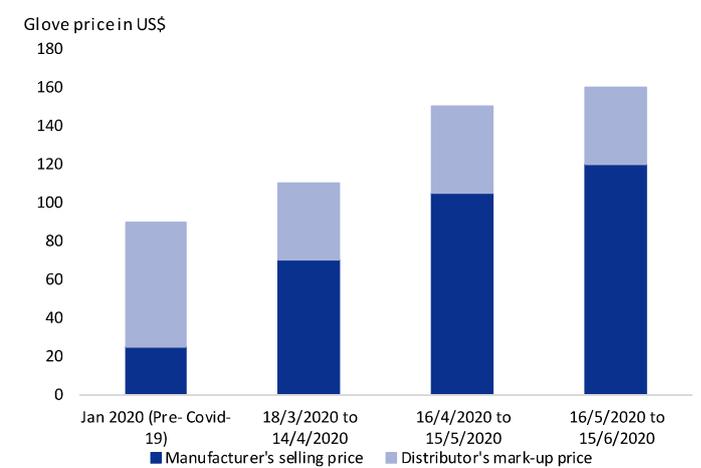
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 7: Orderbook pre- and post-Covid-19**



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 8: Pre- and post-Covid-19 glove price in the market**



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 9: Key assumptions**

June year-end	FY6/19	FY6/20F	yoy % change	FY6/21F	yoy % change	FY6/22F	% yoy change
<b>New Revenue (RM m)</b>	<b>1,489.3</b>	<b>2,517.1</b>	<b>69.0%</b>	<b>4,398.2</b>	<b>74.7%</b>	<b>3,697.9</b>	<b>-15.9%</b>
Old	1,489.3	2,496.3		3,388.5		3,067.8	
<b>New Total Capacity (bn pcs p.a)</b>	<b>25.0</b>	<b>26.2</b>	<b>4.8%</b>	<b>31.3</b>	<b>19.5%</b>	<b>42.4</b>	<b>35.5%</b>
Old	25.0	26.2		29.9		35.9	
<b>New US\$/RM rate</b>	<b>4.10</b>	<b>4.30</b>	<b>4.9%</b>	<b>4.30</b>	<b>0.0%</b>	<b>4.30</b>	<b>0.0%</b>
Old	4.10	4.30		4.30		4.30	
<b>New Revenue (USD)</b>	<b>363.2</b>	<b>585.4</b>	<b>61.2%</b>	<b>1022.8</b>	<b>74.7%</b>	<b>860.0</b>	<b>-15.9%</b>
Old	363.2	580.5		788.0		713.4	
<b>New Total sales volume (bn pieces)</b>	<b>17.3</b>	<b>22.3</b>	<b>28.9%</b>	<b>29.1</b>	<b>30.5%</b>	<b>31.0</b>	<b>6.3%</b>
Old	17.3	22.0		25.9		28.9	
<b>New Average utilisation rate (%)</b>	<b>79.0%</b>	<b>85.0%</b>	<b>6.0%</b>	<b>93.0%</b>	<b>8.0%</b>	<b>73.0%</b>	<b>-20.0%</b>
Old	79.0%	85.0%		87.5%		80.0%	
<b>New ASP growth (%)</b>		<b>21.0%</b>		<b>32.0%</b>		<b>-20.0%</b>	
Old		12.0%		16.0%		-17.5%	
<b>Raw material prices</b>							
<b>New Nitrile (US\$/kg)</b>	<b>1.18</b>	<b>1.23</b>	<b>4.2%</b>	<b>1.32</b>	<b>7.3%</b>	<b>1.39</b>	<b>5.3%</b>
Old	1.15	1.13		1.10		1.10	
<b>New Latex (RM/kg)</b>	<b>5.00</b>	<b>5.00</b>	<b>0.0%</b>	<b>5.00</b>	<b>0.0%</b>	<b>5.00</b>	<b>0.0%</b>
Old	5.00	4.50		4.50		4.50	
<b>New EBITDA (RM m)</b>	<b>230.6</b>	<b>769.1</b>	<b>233.5%</b>	<b>2,203.2</b>	<b>186.5%</b>	<b>1,381.2</b>	<b>-37.3%</b>
Old	230.6	741.7		1,295.2		835.1	
<b>New EBITDA margins (%)</b>	<b>15.5%</b>	<b>30.6%</b>	<b>15.1%</b>	<b>50.1%</b>	<b>19.5%</b>	<b>37.4%</b>	<b>-12.7%</b>
Old	15.5%	29.7%		38.2%		27.2%	
<b>New Core net profit (RMm)</b>	<b>123.8</b>	<b>482.5</b>	<b>289.7%</b>	<b>1,496.7</b>	<b>210.2%</b>	<b>870.5</b>	<b>-41.8%</b>
Old	123.8	454.9		847.2		524.2	

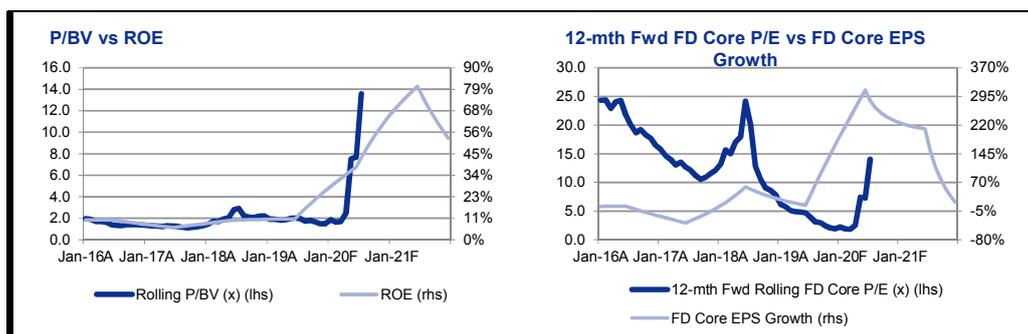
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 10: Summary of changes in key assumptions**

Assumptions (% yoy changes)	New			Previous			Change		
	FY20F	FY21F	FY22F	FY20F	FY21F	FY22F	FY20F	FY21F	FY22F
ASPs increase	21.0%	32.0%	-20.0%	12.0%	16.0%	-17.5%	9.0%	16.0%	-2.5%
Sales volume growth	28.9%	30.5%	6.3%	27.2%	17.7%	11.6%	1.7%	12.8%	-5.3%
Utilisation rate	85.0%	93.0%	73.0%	85.0%	87.5%	80.0%	0.0%	5.5%	-7.0%
EBITDA margin (pts)	30.6%	50.1%	37.4%	29.7%	38.2%	27.2%	0.9%	11.9%	10.2%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## BY THE NUMBERS



### Profit & Loss

(RMm)	Jun-18A	Jun-19A	Jun-20F	Jun-21F	Jun-22F
<b>Total Net Revenues</b>	<b>1,304</b>	<b>1,489</b>	<b>2,517</b>	<b>4,398</b>	<b>3,698</b>
<b>Gross Profit</b>	<b>439</b>	<b>466</b>	<b>1,158</b>	<b>2,646</b>	<b>1,841</b>
<b>Operating EBITDA</b>	<b>212</b>	<b>231</b>	<b>769</b>	<b>2,203</b>	<b>1,381</b>
Depreciation And Amortisation	(42)	(44)	(58)	(70)	(85)
<b>Operating EBIT</b>	<b>170</b>	<b>187</b>	<b>711</b>	<b>2,133</b>	<b>1,296</b>
Financial Income/(Expense)	(14)	(20)	(13)	(13)	(12)
Pretax Income/(Loss) from Assoc.	6	5	15	40	20
Non-Operating Income/(Expense)	0	0	0	0	0
<b>Profit Before Tax (pre-EI)</b>	<b>162</b>	<b>173</b>	<b>713</b>	<b>2,161</b>	<b>1,304</b>
Exceptional Items	0	0	0	0	0
<b>Pre-tax Profit</b>	<b>162</b>	<b>173</b>	<b>713</b>	<b>2,161</b>	<b>1,304</b>
Taxation	(52)	(49)	(228)	(659)	(430)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>110</b>	<b>124</b>	<b>485</b>	<b>1,502</b>	<b>874</b>
Minority Interests	(3)	0	(3)	(5)	(4)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>107</b>	<b>124</b>	<b>482</b>	<b>1,497</b>	<b>871</b>
Recurring Net Profit	107	117	482	1,497	871
<b>Fully Diluted Recurring Net Profit</b>	<b>107</b>	<b>117</b>	<b>482</b>	<b>1,497</b>	<b>871</b>

### Cash Flow

(RMm)	Jun-18A	Jun-19A	Jun-20F	Jun-21F	Jun-22F
<b>EBITDA</b>	<b>211.7</b>	<b>230.6</b>	<b>769.1</b>	<b>2,203.1</b>	<b>1,381.2</b>
Cash Flow from Inv. & Assoc.					
Change In Working Capital	56.8	0.0	(138.4)	(251.1)	91.2
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	0.0	0.0	0.0	0.0	0.0
Other Operating Cashflow	(13.2)	66.3	27.9	52.5	31.8
Net Interest (Paid)/Received	(14.0)	(19.7)	(12.9)	(12.5)	(11.8)
Tax Paid	(64.1)	(49.0)	(228.2)	(659.0)	(430.5)
<b>Cashflow From Operations</b>	<b>177.2</b>	<b>228.2</b>	<b>417.5</b>	<b>1,333.0</b>	<b>1,061.9</b>
Capex	(58.9)	(115.7)	(300.0)	(500.0)	(500.0)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow					
<b>Cash Flow From Investing</b>	<b>(58.9)</b>	<b>(115.7)</b>	<b>(300.0)</b>	<b>(500.0)</b>	<b>(500.0)</b>
Debt Raised/(repaid)	45.7	(44.3)	0.0	0.0	0.0
Proceeds From Issue Of Shares					
Shares Repurchased	0.0	0.0	0.0	0.0	0.0
Dividends Paid	(75.7)	(32.8)	(193.0)	(598.7)	(348.2)
Preferred Dividends					
Other Financing Cashflow	(14.0)	(19.7)	(12.9)	(12.5)	(11.8)
<b>Cash Flow From Financing</b>	<b>(44.0)</b>	<b>(96.8)</b>	<b>(205.9)</b>	<b>(611.2)</b>	<b>(360.0)</b>
Total Cash Generated	74.3	15.7	(88.5)	221.8	202.0
<b>Free Cashflow To Equity</b>	<b>164.0</b>	<b>68.2</b>	<b>117.5</b>	<b>833.0</b>	<b>561.9</b>
<b>Free Cashflow To Firm</b>	<b>132.3</b>	<b>132.2</b>	<b>130.4</b>	<b>845.6</b>	<b>573.7</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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

(RMm)	Jun-18A	Jun-19A	Jun-20F	Jun-21F	Jun-22F
Total Cash And Equivalents	145	174	85	307	509
Total Debtors	203	197	331	579	487
Inventories	188	183	236	305	323
Total Other Current Assets	36	77	175	176	177
<b>Total Current Assets</b>	<b>572</b>	<b>631</b>	<b>828</b>	<b>1,367</b>	<b>1,496</b>
Fixed Assets	896	972	1,114	1,544	1,959
Total Investments	197	202	202	202	202
Intangible Assets	29	29	29	29	29
Total Other Non-Current Assets	2	1	1	1	1
<b>Total Non-current Assets</b>	<b>1,123</b>	<b>1,204</b>	<b>1,346</b>	<b>1,776</b>	<b>2,191</b>
Short-term Debt	374	350	350	350	350
Current Portion of Long-Term Debt					
Total Creditors	192	229	278	343	360
Other Current Liabilities		49	49	49	49
<b>Total Current Liabilities</b>	<b>566</b>	<b>627</b>	<b>676</b>	<b>741</b>	<b>759</b>
Total Long-term Debt	62	42	42	42	42
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	0	0	0	0	0
<b>Total Non-current Liabilities</b>	<b>62</b>	<b>42</b>	<b>42</b>	<b>42</b>	<b>42</b>
Total Provisions	49	40	40	40	40
<b>Total Liabilities</b>	<b>677</b>	<b>709</b>	<b>758</b>	<b>823</b>	<b>840</b>
Shareholders' Equity	1,013	1,127	1,416	2,314	2,837
Minority Interests	10	0	0	5	10
<b>Total Equity</b>	<b>1,023</b>	<b>1,127</b>	<b>1,417</b>	<b>2,320</b>	<b>2,847</b>

**Key Ratios**

	Jun-18A	Jun-19A	Jun-20F	Jun-21F	Jun-22F
Revenue Growth	15.8%	14.2%	69.0%	74.7%	(15.9%)
Operating EBITDA Growth	42%	9%	234%	186%	(37%)
Operating EBITDA Margin	16.2%	15.5%	30.6%	50.1%	37.4%
Net Cash Per Share (RM)	(0.21)	(0.16)	(0.23)	(0.06)	0.09
BVPS (RM)	0.74	0.83	1.04	1.70	2.09
Gross Interest Cover	12.1	9.5	55.0	170.1	110.3
Effective Tax Rate	32.0%	28.4%	32.0%	30.5%	33.0%
Net Dividend Payout Ratio	34.3%	27.2%	27.2%	27.8%	26.8%
Accounts Receivables Days	59.64	41.41	29.20	28.69	39.96
Inventory Days	79.63	66.14	56.50	56.39	61.71
Accounts Payables Days	81.54	64.24	53.76	53.47	58.52
ROIC (%)	15%	16%	60%	137%	58%
ROCE (%)	11.1%	12.2%	41.8%	92.8%	43.0%
Return On Average Assets	10.1%	10.9%	36.2%	81.7%	38.5%

**Key Drivers**

	Jun-18A	Jun-19A	Jun-20F	Jun-21F	Jun-22F
ASP (% chg, main prod./serv.)	6.1%	20.7%	56.3%	92.5%	44.1%
Unit sales grth (% , main prod./serv.)	2.8%	-8.2%	87.0%	125.4%	61.1%
Util. rate (% , main prod./serv.)	79.0%	79.0%	85.0%	93.0%	73.0%
ASP (% chg, 2ndary prod./serv.)	N/A	N/A	N/A	N/A	N/A
Unit sales grth (% , 2ndary prod./serv.)	N/A	N/A	N/A	N/A	N/A
Util. rate (% , 2ndary prod./serv.)	N/A	N/A	N/A	N/A	N/A
Unit raw mat ASP (%chg,main)	N/A	N/A	N/A	N/A	N/A
Unit raw mat ASP (%chg,2ndary)	N/A	N/A	N/A	N/A	N/A

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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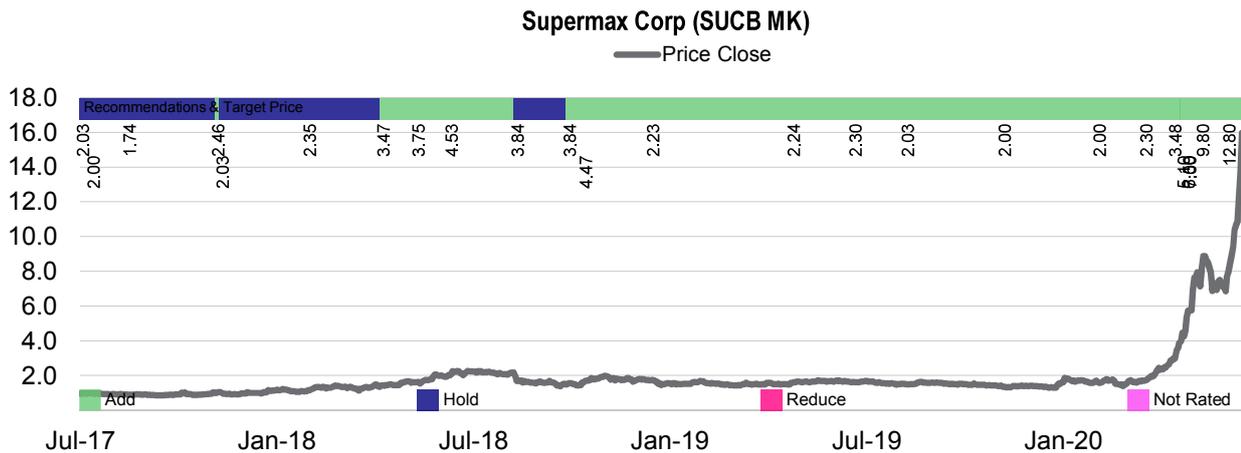
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Distribution of stock ratings and investment banking clients for quarter ended on 30 June 2020		
800 companies under coverage for quarter ended on 30 June 2020		
	Rating Distribution (%)	Investment Banking clients (%)
Add	60.1%	0.4%
Hold	25.9%	0.1%
Reduce	14.0%	0.3%

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 2019, Anti-Corruption 2019**

**ADVANC** – Excellent, Certified, **AEONTS** – Good, n/a, **AH** – Very Good, n/a, **AMATA** – Excellent, Declared, **ANAN** – Excellent, Declared, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Very Good, Certified, **BAM** – not available, n/a, **BANPU** – Excellent, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – Good, Certified, **BGP** – Excellent, Certified, **BPCG** – Excellent, Certified, **BDMS** – Very Good, n/a, **BEAUTY** – Good, n/a, **BEC** – Very Good, n/a, **BGRIM** – Very Good, Declared, **BH** - Good, n/a, **BJC** – Very Good, n/a, **BJCHI** – Very Good, Certified, **BLA** – Very Good, Certified, **BPP** – Very Good, Declared, **BR** - Good, n/a, **BTS** - Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – Good, n/a, **CENDEL** – Very Good, Certified, **CHAYO** - Good, n/a, **CHG** – Very Good, Declared, **CK** – Excellent, n/a, **COL** – Excellent, Declared, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** - Excellent, Certified, **CPNREIT** – not available, n/a, **CRC** – not available, n/a, **DELTA** - Excellent, Declared, **DEMCO** – Excellent, Certified, **DDD** – Very Good, n/a, **DIF** – not available, n/a, **DREIT** – not available, n/a, **DTAC** – Excellent, Certified, **EA** – Excellent, n/a, **ECL** – Very Good, Certified, **EGCO** - Excellent, Certified, **EPG** – Very Good, n/a, **ERW** – Very Good, n/a, **GFPT** - Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Very Good, n/a, **GLOW** – Very Good, Certified, **GPSC** – Excellent, Certified, **GULF** – Very Good, n/a, **GUNKUL** – Excellent, Certified, **HANA** - Excellent, Certified, **HMPRO** - Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Declared, **III** – Excellent, n/a, **INTUCH** - Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** - Excellent, Certified, **JASIF** – not available, n/a, **BJC** – Very Good, n/a, **JMT** – Very Good, n/a, **KBANK** - Excellent, Certified, **KCE** - Excellent, Certified, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** - Excellent, Certified, **KTC** – Excellent, Certified, **LH** - Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MACO** – Very Good, n/a, **MAJOR** – Very Good, n/a, **MAKRO** – Excellent, Certified, **MALEE** – Excellent, Certified, **MC** – Excellent, Certified, **MCOT** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** - Excellent, Certified, **MK** – Very Good, n/a, **MTC** – Excellent, n/a, **NETBAY** – Very Good, n/a, **OSP** – Very Good, n/a, **PLANB** – Excellent, Certified, **PLAT** – Very Good, Certified, **PR9** – Excellent, n/a, **PSH** – Excellent, Certified, **PSTC** – Very Good, Certified, **PTT** – Excellent, Certified, **PTTEP** - Excellent, Certified, **PTTGC** - Excellent, Certified, **QH** – Excellent, Certified, **RATCH** – Excellent, Certified, **ROBINS** – Excellent, Certified, **RS** – Excellent, n/a, **RSP** – not available, n/a, **S** – Excellent, n/a, **SAPPE** – Very Good, Declared, **SAT** – Excellent, Certified, **SAWAD** – Very Good, n/a, **SC** – Excellent, Certified, **SCB** - Excellent, Certified, **SCC** – Excellent, Certified, **SCN** – Excellent, Certified, **SF** – Good, n/a, **SHR** – not available, n/a, **SIRI** – Very Good, Certified, **SPA** - Good, n/a, **SPALI** - Excellent, n/a, **SPRC** – Excellent, Certified, **STA** – Very Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Excellent, Certified, **TASCO** – Excellent, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIPCO** – Very Good, Certified, **TISCO** - Excellent, Certified, **TKN** – Very Good, n/a, **TMB** - Excellent, Certified, **TNR** – Very Good, Certified, **TOP** - Excellent, Certified, **TPCH** – Good, n/a, **TPIPP** – Good, n/a, **TRUE** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Declared, **UNIQ** – not available, n/a, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – not available, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

1 CG Score 2019 from Thai Institute of Directors Association (IOD)

2 AGM Level 2018 from Thai Investors Association

3 Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of November 30, 2018) are categorised into:

companies that have declared their intention to join CAC, and companies certified by CAC.

4 The Stock Exchange of Thailand : the record of listed companies with corporate sustainable development "Thai sustainability Investment 2018" included:

SET and mai listed companies passed the assessment conducted by the Stock Exchange of Thailand: THSI (SET) and THSI (mai)

SET listed companies passed the assessment conducted by the Dow Jones Sustainability Indices (DJSI)

**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.

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