

Malaysia

**ADD** (no change)

Consensus ratings\*: Buy 8 Hold 2 Sell 0

Current price:	RM7.95
Target price:	RM9.80
Previous target:	RM7.00
Up/downside:	23.3%
CGS-CIMB / Consensus:	63.0%
Reuters:	SUPM.KL
Bloomberg:	SUCB MK
Market cap:	US\$2,378m RM10,267m
Average daily turnover:	US\$16.22m RM70.33m
Current shares o/s:	1,360m
Free float:	62.5%

\*Source: Bloomberg

**Key changes in this note**

► FY21-22F EPS raised by 33.3-38.7%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	220.6	400	390.7
Relative (%)	214.7	399.5	400.4

**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

## Still yet to peak

- Our channel checks with SUCB indicate that its order lead time has stretched to 12 months while it is pricing in higher ASPs due to current strong demand.
- While SUCB aims to secure more direct orders (OBM), it has also begun to collect higher deposits (>40%) for the bulk of orders beyond CY20.
- Reiterate Add, with a higher TP of RM9.80 (28x CY21 P/E).

### Positive surprise from longer order visibility and more ASPs hikes

Supermax (SUCB) indicated that its order lead time has lengthened to Jun 2021 (end-FY6/21), which is 12 months (vs. our previous assumption of 10 months). This is on the back of favourable supply-demand dynamics in the glove sector, owing to Covid-19. We also gather that SUCB is confident of raising its ASPs by 10% each month from Jun till Dec 2020, vs. our previous expectation of a 10% monthly increase from Jun to Sep 2020.

### Collecting deposits to ensure minimal cancellation of orders

In order to ensure no cancellation of orders, SUCB is requesting that its customers pay deposits (30-50%) in advance to lock in their orders. This is particularly for orders from non-recurring customers and/or spot buyers. At this juncture, we estimate that up to 15-20% of SUCB's capacity mainly caters to spot (ad-hoc) orders (mainly from government and non-government organisations), which typically have higher selling prices (premium of 30-70%) vs. recurring orders, resulting in higher margins for SUCB.

### Focusing on its OBM business model

Since the Covid-19 outbreak (Mar 20), SUCB has been selling more gloves under its original brand manufacturing (OBM) at 95% of its total sales volume vs. 70% pre-Covid-19. This is via its own distribution centres (7 glove distribution centres globally – 55%) as well as via third-party distributors (40%). In our view, this manufacturing-cum-distribution model (focusing on selling OBM gloves) allows SUCB to garner higher margins and better pricing power as it is able to sell directly to end-customers.

### Expecting robust qoq and yoy results in 4QFY20

For the upcoming 4QFY6/20 results, we expect SUCB to record sequentially stronger earnings of RM130m-135m. We also believe that sequential results will remain strong up to 2QFY6/21. This is on the back of: i) higher glove sales, ii) increase in average selling prices (+25% qoq), and iii) higher economies of scale. Note that any upside beyond our ASP assumptions would provide positive surprises to its 4QFY20 results.

### Reiterate Add, TP raised to RM9.80

With a longer order book visibility and factoring in higher ASPs (current assumption of a 10% monthly increase in 1HFY21 from only 1QFY21 previously), our FY21-22F EPS is raised by 33.3-38.7%. Accordingly, our TP rises to RM9.80 (28x CY21 P/E). We continue to like SUCB for its attractive valuations (35.1% discount to the Malaysian glove sector average CY21F P/E of 35.1x) and OBM business model, which allows it to garner better margins vs. its peers given the current strong surge in glove demand.

### Financial Summary

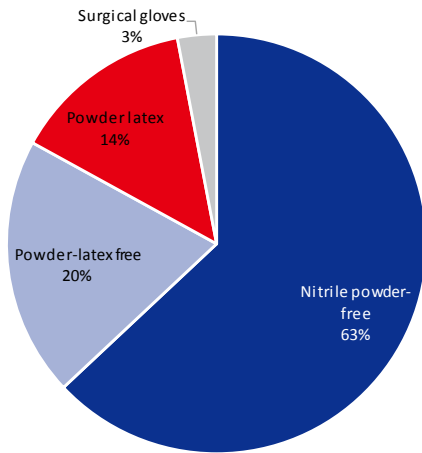
	Jun-18A	Jun-19A	Jun-20F	Jun-21F	Jun-22F
Revenue (RMm)	1,304	1,489	2,072	2,772	2,891
Operating EBITDA (RMm)	211.7	230.6	417.3	747.8	689.1
Net Profit (RMm)	106.7	123.8	257.7	501.2	449.2
Core EPS (RM)	0.08	0.09	0.19	0.37	0.33
Core EPS Growth	59%	10%	120%	94%	(10%)
FD Core P/E (x)	101.4	92.2	42.0	21.6	24.1
DPS (RM)	0.04	0.03	0.08	0.15	0.13
Dividend Yield	0.50%	0.43%	0.95%	1.85%	1.66%
EV/EBITDA (x)	51.57	46.98	26.10	14.54	15.66
P/FCFE (x)	65.9	158.5	198.6	44.9	39.5
Net Gearing	28.5%	19.4%	21.9%	15.9%	9.2%
P/BV (x)	10.68	9.60	8.44	6.83	5.84
ROE	10.3%	11.0%	21.4%	35.0%	26.2%
% Change In Core EPS Estimates			0.0%	33.3%	38.7%
CGS-CIMB/Consensus EPS (x)			1.10	1.56	1.57

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Re-rating catalysts and downside risks**

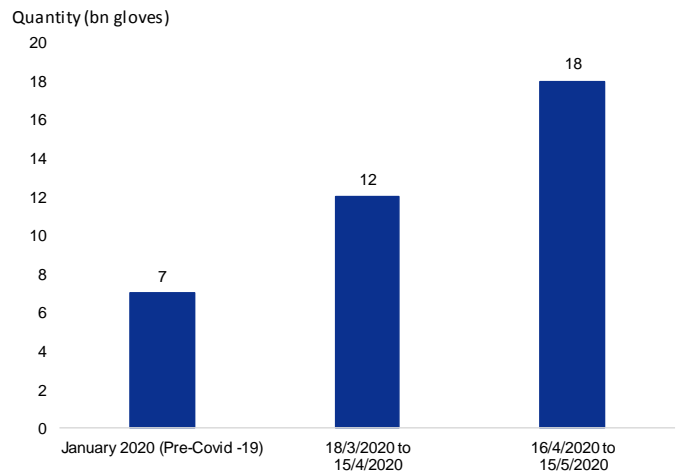
Potential re-rating catalysts include better-than-expected demand for gloves and higher-than-expected increase in selling prices. Downside risks: discovery of a cure/vaccine for Covid-19, stiff pricing competition, and a spike in raw material prices.

**Figure 1: Product mix by revenue for 9MFY20**



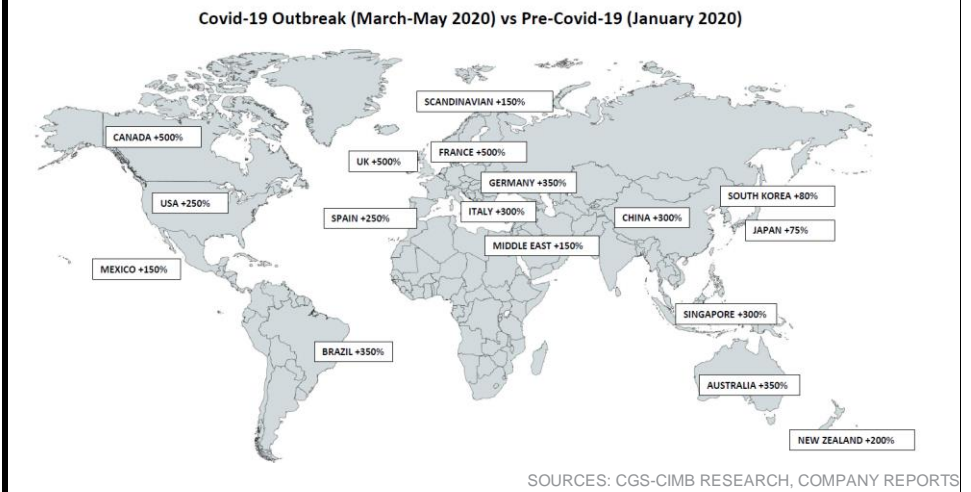
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 2: Order books pre- and post-Covid-19**



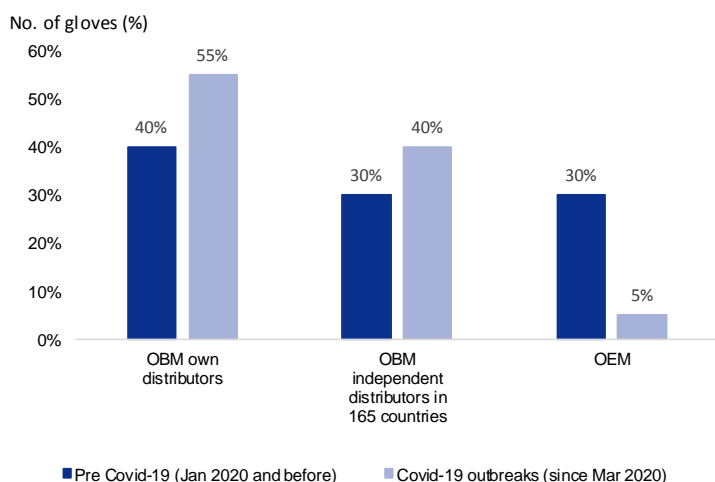
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 3: Demand growth from various countries**



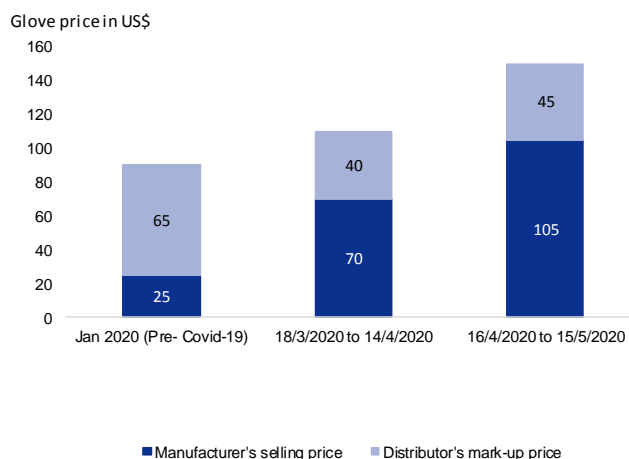
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 4: Pre- and post-Covid-19 total sales contribution**



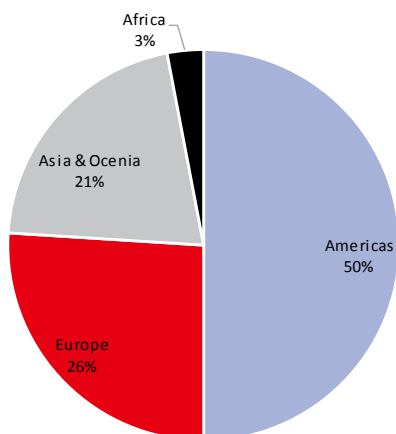
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 5: Pre- and post-Covid-19 glove price in the market**



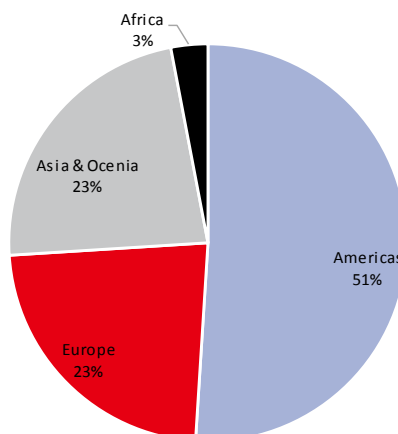
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 6: Group's sales by geographical area (FY19)**



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 7: Group's sales by geographical area (9MFY20)**



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 8: Earnings revision**

RM m	2019	2020F			2021F			2022F		
		Old	New	%chg	Old	New	%chg	Old	New	%chg
Revenue	1,489.3	2,072.3	2,072.3	0.0%	2,570.4	2,772.4	7.9%	2,669.7	2,890.8	8.3%
EBITDA	230.6	417.3	417.3	0.0%	590.8	747.8	26.6%	530.3	689.1	29.9%
Core pretax profit	163.5	356.4	356.4	0.0%	520.7	682.7	31.1%	449.2	612.4	36.3%
Core net profit	117.3	257.7	257.7	0.0%	376.1	501.2	33.3%	323.9	449.2	38.7%

SOURCES: CGS-CIMB, COMPANY REPORTS

**Figure 9: Key assumption table**

June year-end	FY19	FY20	yoy % change	FY21	yoy % change	FY22	% yoy change
<b>New Revenue</b>	<b>1489.3</b>	<b>2072.3</b>	<b>39.1%</b>	<b>2772.4</b>	<b>33.8%</b>	<b>2890.8</b>	<b>4.3%</b>
Old	1489.3	2072.3		2570.4		2669.7	
<b>New Capacity growth</b>	<b>21.8</b>	<b>26.2</b>	<b>20.2%</b>	<b>33.7</b>	<b>28.6%</b>	<b>38.2</b>	<b>13.4%</b>
Old	21.8	26.2		33.7		38.2	
<b>New US\$/RM rate</b>	<b>4.20</b>	<b>4.20</b>	<b>0.0%</b>	<b>4.30</b>	<b>2.4%</b>	<b>4.30</b>	<b>0.0%</b>
Old	4.20	4.20		4.20		4.20	
<b>New Revenue (USD)</b>	<b>358.9</b>	<b>493.4</b>	<b>37.5%</b>	<b>644.7</b>	<b>30.7%</b>	<b>672.3</b>	<b>4.3%</b>
Old	358.9	493.4		612.0		635.6	
<b>New Total sales volume (m pieces)</b>	<b>17.3</b>	<b>22.0</b>	<b>27.2%</b>	<b>25.9</b>	<b>17.7%</b>	<b>28.4</b>	<b>9.7%</b>
Old	17.3	22.0		25.7		27.6	
<b>New Average utilisation rate (%)</b>	<b>79.0%</b>	<b>85.0%</b>	<b>7.6%</b>	<b>87.5%</b>	<b>2.9%</b>	<b>80.0%</b>	<b>-8.6%</b>
Old	79.0%	85.0%		87.0%		78.0%	
<b>New ASP growth (%)</b>	<b>0.0%</b>	<b>8.2%</b>		<b>11.2%</b>		<b>-5%</b>	
Old	0.0%	8.2%		6.3%		-3%	
<b>Raw material prices</b>							
<b>New Nitrile (US\$/kg)</b>	<b>1.15</b>	<b>1.13</b>	<b>-1.7%</b>	<b>1.10</b>	<b>-2.7%</b>	<b>1.10</b>	<b>0.0%</b>
Old	1.15	1.13		1.10		1.10	
<b>New Latex (RM/kg)</b>	<b>4.50</b>	<b>4.30</b>	<b>-4.4%</b>	<b>4.30</b>	<b>0.0%</b>	<b>4.30</b>	<b>0.0%</b>
Old	4.50	4.30		4.30		4.30	
<b>New EBITDA (RM m)</b>	<b>230.6</b>	<b>417.3</b>	<b>81.0%</b>	<b>747.8</b>	<b>79.2%</b>	<b>689.1</b>	<b>-7.8%</b>
Old	230.6	417.3		590.8		530.3	
<b>New EBITDA margins (%)</b>	<b>15.5%</b>	<b>20.1%</b>	<b>4.7%</b>	<b>27.0%</b>	<b>6.8%</b>	<b>23.8%</b>	<b>-11.6%</b>
Old	15.5%	20.1%		23.0%		19.9%	
<b>New Core net profit (RMm)</b>	<b>123.8</b>	<b>257.7</b>	<b>108.2%</b>	<b>501.2</b>	<b>94.5%</b>	<b>449.2</b>	<b>-10.4%</b>
Old	123.8	257.7		376.1		323.9	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 10: Summary of key assumption changes**

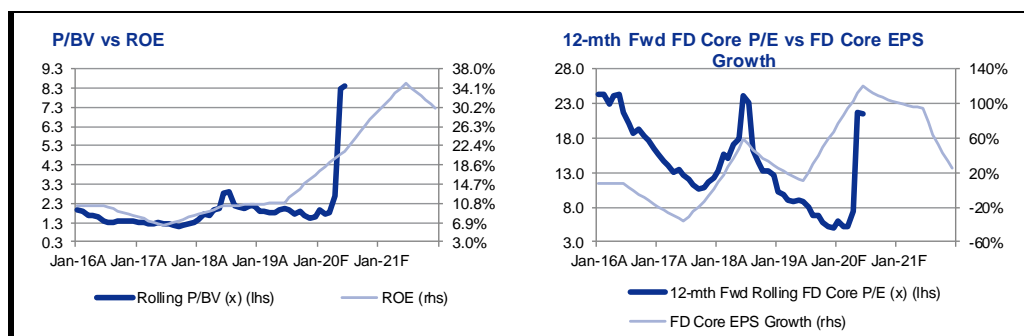
Assumptions (%)	New			Previous			Change		
	FY20	FY21	FY22	FY20	FY21	FY22	FY20	FY21	FY22
ASPs increase (yoy)	8.2%	11.2%	-4.8%	8.2%	6.3%	-3.4%	0.0%	4.9%	-1.4%
Sales volume growth (yoy)	27.3%	17.6%	9.6%	27.3%	16.7%	7.5%	0.0%	0.9%	2.1%
Utilisation rate	85.0%	87.5%	80.0%	85.0%	87.0%	78.0%	0.0%	0.5%	2.0%
EBITDA margin	20.1%	27.0%	23.8%	20.1%	23.0%	19.9%	0.0%	4.0%	3.9%

SOURCES: CGS-CIMB, COMPANY REPORTS

**Figure 11: Sector Comparisons (CGS-CIMB's Malaysia glove sector coverage)**

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 (%)		Dividend Yield (%)	
						CY20F	CY21F		CY20F	CY21F	CY20F	CY21F	CY20F	CY21F
Hartalega Holdings	HART MK	Add	13.18	10.80	10,334	61.4	40.2	14.9%	16.0	14.4	28.0%	25.8%	1.0%	1.0%
Kossan Rubber Industries	KRI MK	Hold	9.13	8.50	2,705	35.5	33.4	17.7%	7.2	6.4	22.2%	20.2%	1.2%	1.2%
Supermax Corp	SUCB MK	Add	7.95	9.80	2,378	28.4	22.8	34.8%	7.5	6.3	29.2%	30.1%	1.4%	1.8%
Top Glove Corporation	TOPG MK	Add	15.54	16.50	9,388	40.5	34.8	39.4%	12.9	10.9	35.1%	34.0%	1.2%	1.4%
Riverstone Holdings	RSTON SP	Add	2.41	2.50	1,266	20.7	22.1	21.8%	5.5	4.8	30.5%	23.2%	2.0%	1.8%
<b>Weighted average</b>						<b>46.2</b>	<b>35.1</b>	<b>26.2%</b>	<b>12.7</b>	<b>11.1</b>	<b>30.2%</b>	<b>28.4%</b>	<b>1.2%</b>	<b>1.3%</b>

SOURCES: CGS-CIMB, BLOOMBERG

**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>2,072</b>	<b>2,772</b>	<b>2,891</b>
<b>Gross Profit</b>	<b>439</b>	<b>466</b>	<b>737</b>	<b>1,175</b>	<b>1,142</b>
<b>Operating EBITDA</b>	<b>212</b>	<b>231</b>	<b>417</b>	<b>748</b>	<b>689</b>
Depreciation And Amortisation	(42)	(44)	(60)	(67)	(75)
<b>Operating EBIT</b>	<b>170</b>	<b>187</b>	<b>357</b>	<b>680</b>	<b>614</b>
Financial Income/(Expense)	(14)	(20)	(14)	(13)	(12)
Pretax Income/(Loss) from Assoc.	6	5	13	15	11
Non-Operating Income/(Expense)	0	0	0	0	0
<b>Profit Before Tax (pre-EI)</b>	<b>162</b>	<b>173</b>	<b>356</b>	<b>683</b>	<b>612</b>
Exceptional Items	0	0	0	0	0
<b>Pre-tax Profit</b>	<b>162</b>	<b>173</b>	<b>356</b>	<b>683</b>	<b>612</b>
Taxation	(52)	(49)	(96)	(177)	(159)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>110</b>	<b>124</b>	<b>260</b>	<b>505</b>	<b>453</b>
Minority Interests	(3)	0	(3)	(4)	(4)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>107</b>	<b>124</b>	<b>258</b>	<b>501</b>	<b>449</b>
Recurring Net Profit	107	117	258	501	449
<b>Fully Diluted Recurring Net Profit</b>	<b>107</b>	<b>117</b>	<b>258</b>	<b>501</b>	<b>449</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>417.3</b>	<b>747.8</b>	<b>689.1</b>
Cash Flow from Inv. & Assoc.					
Change In Working Capital	56.8	0.0	(79.6)	(94.5)	(17.0)
(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	26.7	27.7	23.3
Net Interest (Paid)/Received	(14.0)	(19.7)	(13.7)	(12.7)	(12.3)
Tax Paid	(64.1)	(49.0)	(96.2)	(177.5)	(159.2)
<b>Cashflow From Operations</b>	<b>177.2</b>	<b>228.2</b>	<b>254.5</b>	<b>490.8</b>	<b>524.0</b>
Capex	(58.9)	(115.7)	(200.0)	(250.0)	(250.0)
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>(200.0)</b>	<b>(250.0)</b>	<b>(250.0)</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)	(103.1)	(200.5)	(179.7)
Preferred Dividends					
Other Financing Cashflow	(14.0)	(19.7)	(13.7)	(12.7)	(12.3)
<b>Cash Flow From Financing</b>	<b>(44.0)</b>	<b>(96.8)</b>	<b>(116.8)</b>	<b>(213.2)</b>	<b>(192.0)</b>
Total Cash Generated	74.3	15.7	(62.3)	27.6	81.9
<b>Free Cashflow To Equity</b>	<b>164.0</b>	<b>68.2</b>	<b>54.5</b>	<b>240.8</b>	<b>274.0</b>
<b>Free Cashflow To Firm</b>	<b>132.3</b>	<b>132.2</b>	<b>68.2</b>	<b>253.6</b>	<b>286.3</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	111	139	221
Total Debtors	203	197	273	365	380
Inventories	188	183	232	278	304
Total Other Current Assets	36	77	175	176	177
<b>Total Current Assets</b>	<b>572</b>	<b>631</b>	<b>792</b>	<b>958</b>	<b>1,083</b>
Fixed Assets	896	972	1,012	1,194	1,369
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>1,244</b>	<b>1,427</b>	<b>1,601</b>
Short-term Debt	374	350	350	350	350
Current Portion of Long-Term Debt					
Total Creditors	192	229	274	317	342
Other Current Liabilities		49	49	49	49
<b>Total Current Liabilities</b>	<b>566</b>	<b>627</b>	<b>673</b>	<b>716</b>	<b>741</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>754</b>	<b>797</b>	<b>822</b>
Shareholders' Equity	1,013	1,127	1,282	1,582	1,852
Minority Interests	10	0	0	5	10
<b>Total Equity</b>	<b>1,023</b>	<b>1,127</b>	<b>1,282</b>	<b>1,587</b>	<b>1,862</b>

**Key Ratios**

	Jun-18A	Jun-19A	Jun-20F	Jun-21F	Jun-22F
Revenue Growth	15.8%	14.2%	39.1%	33.8%	4.3%
Operating EBITDA Growth	42.1%	8.9%	81.0%	79.2%	(7.8%)
Operating EBITDA Margin	16.2%	15.5%	20.1%	27.0%	23.8%
Net Cash Per Share (RM)	(0.21)	(0.16)	(0.21)	(0.19)	(0.13)
BVPS (RM)	0.74	0.83	0.94	1.16	1.36
Gross Interest Cover	12.15	9.48	26.04	53.42	49.71
Effective Tax Rate	32.0%	28.4%	27.0%	26.0%	26.0%
Net Dividend Payout Ratio	34.3%	27.2%	29.1%	29.5%	29.5%
Accounts Receivables Days	59.64	41.41	31.54	31.89	35.75
Inventory Days	79.63	66.14	56.93	58.31	60.76
Accounts Payables Days	81.54	64.24	54.17	55.30	57.62
ROIC (%)	14.6%	16.1%	30.2%	48.6%	36.6%
ROCE (%)	11.1%	12.2%	21.8%	36.5%	28.5%
Return On Average Assets	10.1%	10.9%	19.1%	31.5%	24.6%

**Key Drivers**

	Jun-18A	Jun-19A	Jun-20F	Jun-21F	Jun-22F
ASP (% chg, main prod./serv.)	0.0%	13.7%	28.7%	34.9%	21.3%
Unit sales grth (% , main prod./serv.)	2.8%	-8.2%	87.0%	102.8%	49.6%
Util. rate (% , main prod./serv.)	79.0%	79.0%	85.0%	87.5%	80.0%
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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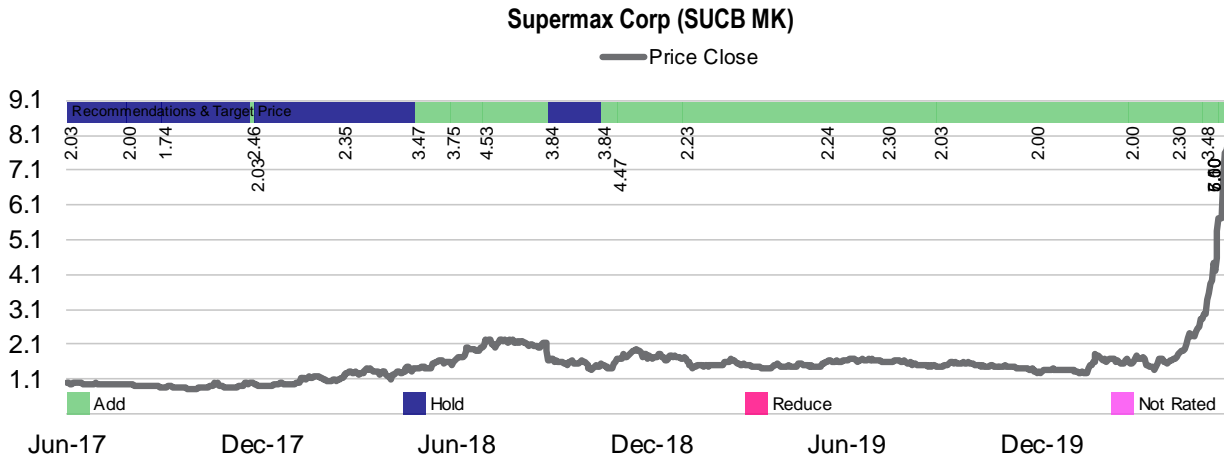
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Add	60.8%	0.1%
Hold	27.6%	0.0%
Reduce	11.6%	0.0%

Spitzer Chart for stock being researched ( 2 year data )



**Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 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, **BCP** – Excellent, Certified, **BCPG** – 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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