

Malaysia

ADD (no change)

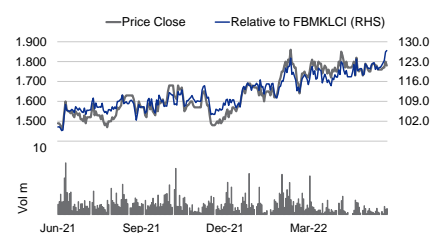
Consensus ratings*: Buy 10 Hold 4 Sell 0

Current price:	RM1.78
Target price:	RM2.40
Previous target:	RM2.10
Up/downside:	34.8%
CGS-CIMB / Consensus:	21.6%
Reuters:	BERA.KL
Bloomberg:	BAUTO MK
Market cap:	US\$468.3m
	RM2,069m
Average daily turnover:	US\$0.34m
	RM1.46m
Current shares o/s:	1,155m
Free float:	29.2%

*Source: Bloomberg

Key changes in this note

- FY23F EPS raised by 11.2%
- FY24F EPS raised by 15.9%.
- FY25F forecasts introduced.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	1.1	2.3	18.7
Relative (%)	6.3	8.9	25.7

Major shareholders	% held
Employees Provident Fund	20.0
Dynamic Milestone	13.8
Permodalan Nasional Berhad	12.5

Analyst(s)

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Bermaz Auto Berhad

Record sales in 4QFY4/22

- FY4/22 core net profit beat our expectation by 13% and consensus' by 20% due to better-than-expected margin and higher sales volume in 4QFY4/22.
- We project 24% yoy sales volume growth in FY4/23F, driven by robust orders for Mazda and stronger contributions from new marques (Kia and Peugeot).
- Raise FY23-24F EPS by 11-16%. Reiterate Add with a higher RM2.40 TP.

4QFY22 revenue and core net profit jumped 44% and 94% qoq

Bermaz Auto's (BAuto) 4QFY4/22 revenue rose 44% qoq, due to stronger contribution from Malaysia (+45% qoq) and the Philippines (+34% qoq) on the back of higher sales volume, which grew 47% and 30% qoq, respectively. The group also attributed the stronger sales in Malaysia to higher contributions from new model launches for Kia and Peugeot, which grew 29% and 94% qoq, respectively. 4QFY22 EBIT margin expanded 4% pts to 11.8%. Overall, 4QFY22 core net profit surged 94% qoq to RM78.9m (vs. RM40.7m in 3QFY22). BAuto declared a combined interim and special DPS of 4.25 sen for the quarter, bringing the total dividend for FY22 to 8.75 sen, significantly above our expectation of 6.5 sen. Overall, Bermaz's dividend payout rose from 56% in FY21 to 65% in FY22.

FY4/22 EBIT margin expanded 2.1% pts yoy to 8.6%

BAuto's EBIT margin for FY22 expanded 2.1% pts yoy to 8.6% due to 1) discontinuation of aggressive promotional campaigns, 2) better sales mix with more locally-assembled units, which fetch higher margins, 3) cost-saving initiatives such as less advertising and promotion activities, and 4) favourable forex movement. Overall, BAuto posted FY22 core net profit growth of 18% to RM158.1m, its highest since FY19.

Projecting 24% sales volume growth in FY4/23F

We expect BAuto to maintain its growth momentum in FY4/23F, driven by its robust order backlog. We gathered from management that BAuto has an outstanding order backlog of about 8k units for Mazda as of early-Jun (vs. 12k unit sales volume for Mazda in FY22). It attributed the higher bookings to last-minute registration from customers ahead of the sales and service tax holiday expiry at end-Jun. We project the group to deliver 13k sales volume for Mazda, and 4k for Kia and Peugeot combined, translating to 24% volume growth in FY23F. Moreover, we see upside to BAuto's sales volume once it kicks off local assembly of new sports utility vehicles for Mazda and Kia at its Inokom Kulim plant by 4QCY22F.

Raise FY23-24F EPS by 11-16%; Reiterate Add with a higher TP

We raise FY23-24F EPS by 11-16% for expectations of better margins and higher sales volumes. Following the earnings upgrade, our TP rises to RM2.40, still based on 14x CY23F P/E, in line with our target sector P/E. We reiterate our Add call as the stock trades at an attractive CY23F P/E of 10.4x, 1 s.d. below its 5-year mean P/E of 14x. BAuto also offers a decent 5.4-6.0% dividend yield for CY22-23F, supported by strong free cash flow and net cash position of RM494m or RM0.43/share as at end-Apr 22.

Financial Summary	Apr-21A	Apr-22A	Apr-23F	Apr-24F	Apr-25F
Revenue (RMm)	2,288	2,325	2,785	3,018	3,160
Operating EBITDA (RMm)	172.0	225.4	262.7	287.8	293.6
Net Profit (RMm)	133.8	155.7	184.7	204.8	209.7
Normalised EPS (RM)	0.12	0.13	0.16	0.18	0.18
Normalised EPS Growth	32.7%	16.3%	18.6%	10.9%	2.4%
FD Normalised P/E (x)	15.36	13.20	11.13	10.04	9.80
DPS (RM)	0.07	0.09	0.10	0.11	0.11
Dividend Yield	3.65%	4.92%	5.62%	6.18%	5.90%
EV/EBITDA (x)	8.78	5.95	4.72	3.92	3.43
P/FCFE (x)	4.02	8.39	11.19	10.06	9.77
Net Gearing	(58.5%)	(71.7%)	(74.3%)	(76.4%)	(78.3%)
P/BV (x)	3.63	3.24	2.80	2.43	2.13
ROE	25.9%	26.0%	27.0%	26.0%	23.2%
% Change In Normalised EPS Estimates			11.2%	15.9%	
Normalised EPS/consensus EPS (x)			1.08	1.03	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Key catalysts and downside risks ►

We see potential new localisation projects, stronger contributions from new Kia and Peugeot models, potential extension in auto sales tax holiday, and higher dividend payouts as re-rating catalysts. Intensifying competition in the SUV market and depreciation of the ringgit vs. US\$ and JPY are key downside risks.

Figure 1: Results comparison

FYE Apr (RM m)	4QFY22	4QFY21	yoy %	qoq %	4QFY22	4QFY21	yoy %	Prev.	
			chg	chg	Cum	Cum	chg	FY22F	Comments
Revenue	897	641	40.0	44.0	2,325	2,288	1.6	2,217	Driven by higher sales from Malaysia and the Philippines in 4QFY22
Operating costs	(784)	(568)	38.1	38.0	(2,098)	(2,112)	(0.7)	(2,016)	
EBITDA	113	73	54.2	> 100	227.6	175.6	29.6	202	Above expectation
EBITDA margin (%)	12.6	11.4			9.8	7.7		9.1	
Depn & amort.	(5.9)	(4.1)	41.8	15.0	(20.9)	(16.2)	29.2	(19.7)	In line
EBIT	107.0	69.1	54.9	> 100	206.7	159.4	29.7	182	
Interest expense	(2.8)	(3.1)	(9.3)	6.2	(10.5)	(12.7)	(17.7)	(11.7)	Total borrowings of RM199.8m as at end-Apr 22
Interest & invt inc	1.9	1.7	14.4	25.0	6.6	5.4	22.5	6.9	Total cash of RM694m as at end-Apr 22
Associates	9.5	13.4	(29.0)	44.6	18.1	20.5	(12.0)	17.5	
Exceptionals	(0.2)	2.4	> 100	> 100	(2.4)	0.1	> 100	-	
Pretax profit	115.4	83.5	38.3	> 100	218.6	172.7	26.6	194.8	Above expectation
Tax	(34.6)	(17.6)	96.5	> 100	(59.7)	(41.1)	45.2	(52.6)	Above expectation
Tax rate (%)	30.0	21.1			27.3	23.8		27.0	
Minority interests	(2.1)	1.0	> 100	6.5	(3.1)	2.4	> 100	(2.5)	
Net profit	78.7	66.8	17.8	93.3	155.7	133.9	16.3	139.7	Above expectation
Core net profit	78.9	64.4	22.5	94.1	158.1	133.9	18.1	139.7	FY4/22 beat CGS-CIMB expectation by 13%
EPS (sen)	6.8	5.8	17.7	93.2	13.4	11.5	16.2	12.2	and Bloomberg consensus full-year estimates by 20%
Core EPS (sen)	6.8	5.5	22.5	94.0	13.6	11.5	18.0	12.2	
Net DPS (sen)	4.5	3.3	38.5	100.0	8.8	6.5	34.6	6.5	Above expectation

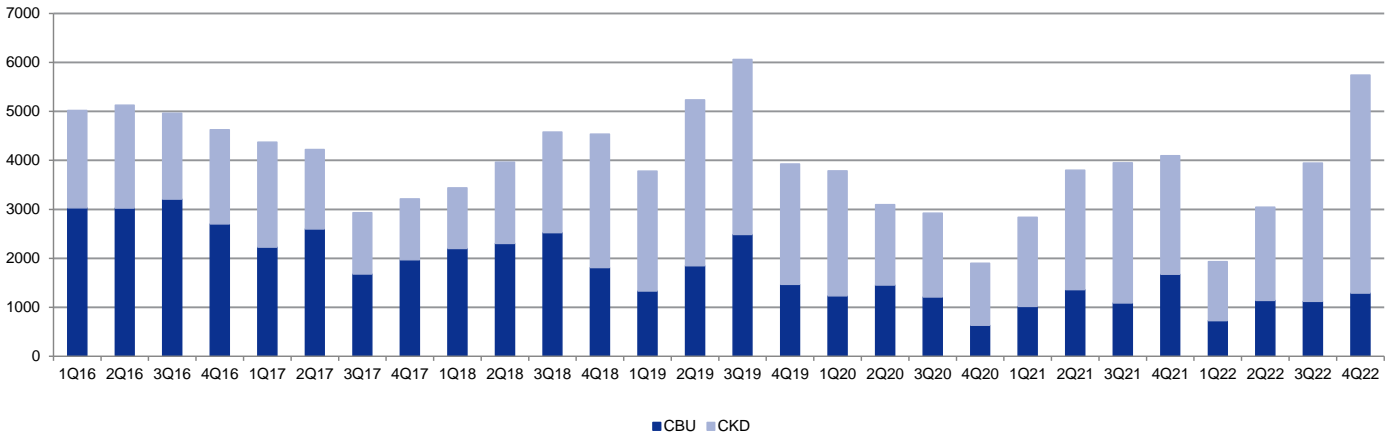
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 2: Revenue and pre-tax profit breakdown

Revenue breakdown (RM m)	4QFY22	4QFY21	yoy %	3QFY22	qoq %	4QFY22	4QFY21	yoy %	
			chg		chg	Cum	Cum	chg	Comments
Malaysia	840	588	42.9	580	44.8	2,141	2,118	1.1	Sales volume in Malaysia rose 47% qoq in 4QFY22
Philippines	57	53	7.6	43	33.9	184	170	8.5	Sales volume in the Philippines rose 30% qoq in 4QFY22
Total	897	641	40.0	623	44.0	2,325	2,288	1.6	
Revenue contribution (%)	4QFY22	4QFY21	yoy %	3QFY22	qoq %	4QFY22	4QFY21	yoy %	
			chg		chg	Cum	Cum	chg	
Malaysia	93.6	91.7	1.9	93.1	0.5	92.1	92.6	(0.5)	
Philippines	6.4	8.3	(1.9)	6.9	(0.5)	7.9	7.4	0.5	
Total	100.0	100.0		100.0		100.0	100.0		
Pretax profit (RM m)	4QFY22	4QFY21	yoy %	3QFY22	qoq %	4QFY22	4QFY21	yoy %	
			chg		chg	Cum	Cum	chg	
Malaysia	104.0	72.3	43.9	47.8	> 100	198.0	156.1	26.8	Favorables sales mix and forex
Philippines	1.1	(3.2)	> 100	0.7	55.8	3.3	(3.8)	> 100	
Mazda Malaysia	7.9	12.7	(37.7)	5.0	59.2	11.1	13.5	(17.8)	Impacted by higher cost and deferred tax expenses
Inokom	2.0	0.4	> 100	2.2	(8.6)	8.0	6.7	19.1	Driven by higher volume assembled (+32% yoy)
Others	0.3	1.2	(75.9)	(0.6)	> 100	(1.8)	0.0	> 100	
Total	115.4	83.5	38.3	55.1	> 100	218.6	172.7	26.6	

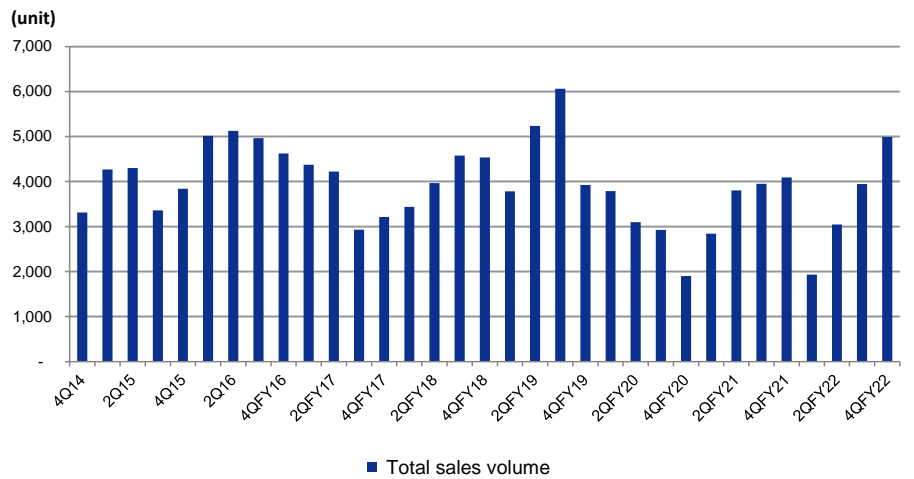
SOURCE: CGS-CIMB RESEARCH, COMPANY

Figure 3: Historical quarterly sales volume (CBU vs. CKD units)



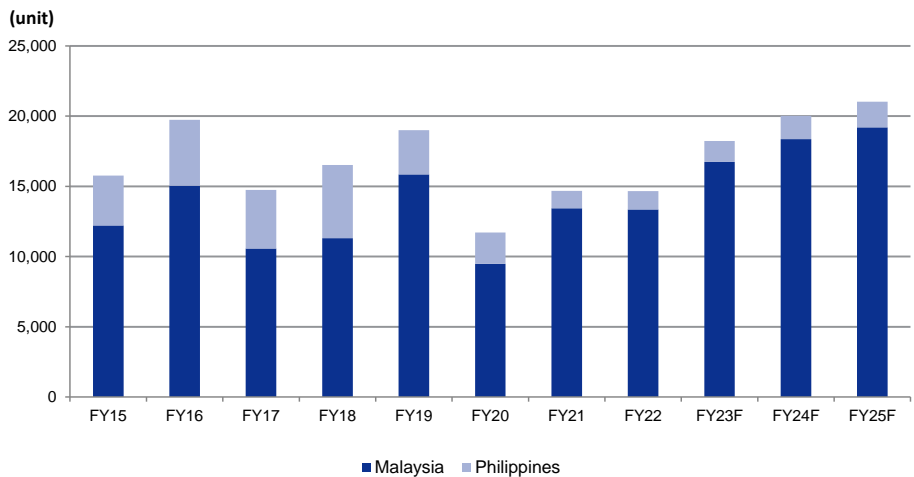
SOURCE: CGS-CIMB RESEARCH, COMPANY

Figure 4: Quarterly historical sales volume (unit)



SOURCE: CGS-CIMB RESEARCH, COMPANY

Figure 5: Historical and projected sales volume (unit)



SOURCE: CGS-CIMB RESEARCH, COMPANY

Figure 6: Earnings revision

FYE Apr (RM m)	Previous earnings forecast			Revised earnings forecast			Changes (%)		
	FY23F	FY24F	FY25F	FY24F	FY25F	FY23F	FY23F	FY24F	FY25F
EBITDA	231	244	na	263	288	294	13.5%	18.0%	na
EBIT	211	223	na	241	266	271	14.0%	19.1%	na
Pretax profit	229	247	na	258	288	297	12.3%	16.3%	na
Net profit	166	177	na	185	205	210	11.2%	15.9%	na
EPS (sen)	14	15	na	16	18	18	11.2%	15.9%	na

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 7: Bermaz's 1-year forward P/E





SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

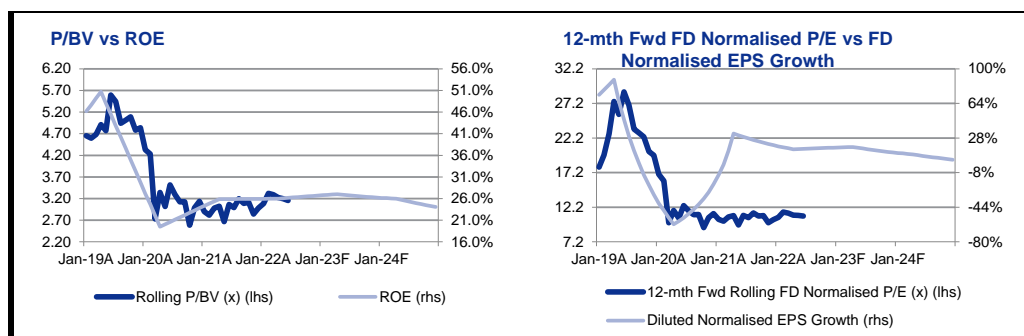
Figure 8: Sector comparison

Company	Ticker	Recom.	Price (RM)	Target Price (RM)	Mkt Cap (US\$ m)	P/E (x)		P/BV (x)		Recurring ROE (%)		EV/EBITDA (x)		Dividend Yield (%)	
						CY22F	CY23F	CY22F	CY23F	CY22F	CY23F	CY22F	CY23F	CY22F	CY23F
Bermaz Auto Berhad	BAUTO MK	Add	1.78	2.40	468	11.7	10.4	2.9	2.5	27.3%	26.3%	5.0	4.2	5.4%	6.0%
DRB-Hicom	DRB MK	Hold	1.14	1.40	499	18.4	17.7	0.3	0.3	1.7%	1.7%	4.4	4.2	0.0%	0.0%
Tan Chong Motor	TCM MK	Reduce	1.14	0.99	168	na	na	0.3	0.3	-0.6%	0.0%	8.6	7.5	1.8%	1.3%
UMW Holdings	UMWH MK	Add	3.25	4.00	859	13.2	11.5	0.9	0.9	7.1%	7.7%	7.7	7.9	2.5%	2.8%
Sime Darby Bhd	SIME MK	Hold	2.19	2.40	3,376	13.2	13.0	0.9	0.9	7.0%	6.9%	4.3	4.0	4.7%	5.2%
Sector average						14.0	13.2	0.8	0.7	5.5%	5.7%	5.0	4.7	3.9%	4.3%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Refinitiv ESG Scores	
	
ESG in a nutshell	
<p>Bermaz Auto (BAuto) is principally involved in the distribution of completely knocked down (CKD) and completely built up (CBU) Mazda vehicles in Malaysia and the Philippines. BAuto was appointed as the franchised holder in Malaysia for Kia on Apr-2021 and Peugeot on Dec-2020.</p> <p>Its sustainability activities are focused on improving safety standards for consumers, climate protection, green technology via Energy Efficient Vehicle (EEVs), local content vendor development, high value-added manufacturing and promotion of exports of value-added products as outlined under Malaysia’s National Automotive Policy (NAP). BAuto has been included in the FTSE4Good Bursa Malaysia Index since Jun 2020.</p>	
<p>Keep your eye on</p> <p>Global automakers are increasing their efforts to achieve cleaner exhaust emissions and improve fuel economy in order to reduce CO2 emissions and the world’s dependence on fossil fuels. The Malaysian government in Budget 2022 announced its plan to waive excise duties and taxes for electric vehicles (EVs) until 2023 for CBU models and 2025 for CKD models. This is part of the government’s strategy to promote EV adoption in the domestic market.</p>	<p>Implications</p> <p>We think BAuto is well positioned to capitalise on the structural change in the automotive industry from internal combustion engines (ICE) to EVs, given that its principal partner, Mazda, has announced plans to introduce 13 electrified models by 2025. Moreover, BAuto is in plans to introduce hybrid and battery EV (BEV) models, such as Mazda MX-30, Peugeot 2008 SUV EV and Kia EV6, from 2HCY22F onwards.</p>
<p>ESG highlights</p> <p>On the environmental aspect, BAuto complies with regulatory requirements for scheduled waste disposal. All its scheduled wastes are removed from site within 180 days. BAuto’s total scheduled waste rose 36% to 212.6 tonnes in FY4/20, mainly due to higher lubricating oil usage.</p>	<p>Implications</p> <p>As the group sells more ICE vehicles, it will consume more lubricating oil for its after-sales service requirement. If BAuto starts to sell more EV models, this could reduce its lubricating oil consumption; however, that may pose an earnings risk due to lower demand for its after-sales service.</p>
<p>Trends</p> <p>In terms of product responsibility, BAuto is one the few auto distributors in the country that offer at least five years of free service and maintenance to its customers. The group carried out an aggressive promotional campaign offering six years of free service and maintenance to its customers during the initial phase of Malaysia’s auto sales tax holiday in 2020 to drive sales recovery. The free service maintenance package provides owners with free scheduled maintenance, inclusive of the cost of labour, parts and lubricants. In addition, BAuto has also implemented a similar five years of free service and maintenance for its customers under Kia from Feb 2022 and Peugeot beginning Jun 2022.</p>	<p>Implications</p> <p>The initiative received favourable market reception. We believe this kind of initiative helps to differentiate BAuto from the competition. Although this may impact near-term profit margin, we believe it should help build brand loyalty among BAuto’s customers.</p>
<small>SOURCES: CGS-CIMB RESEARCH, REFINITIV</small>	

BY THE NUMBERS



Profit & Loss

(RMm)	Apr-21A	Apr-22A	Apr-23F	Apr-24F	Apr-25F
Total Net Revenues	2,288	2,325	2,785	3,018	3,160
Gross Profit	309	365	430	469	483
Operating EBITDA	172	225	263	288	294
Depreciation And Amortisation	(16)	(21)	(22)	(22)	(22)
Operating EBIT	156	204	241	266	271
Financial Income/(Expense)	(7)	(4)	(3)	(2)	(1)
Pretax Income/(Loss) from Assoc.	21	18	20	24	26
Non-Operating Income/(Expense)	0	0	0	0	0
Profit Before Tax (pre-EI)	169	219	258	288	297
Exceptional Items					
Pre-tax Profit	169	219	258	288	297
Taxation	(40)	(60)	(64)	(72)	(74)
Exceptional Income - post-tax					
Profit After Tax	129	159	193	216	222
Minority Interests	5	(3)	(8)	(11)	(13)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Preference Dividends (Australia)					
Net Profit	134	156	185	205	210
Normalised Net Profit	129	159	193	216	222
Fully Diluted Normalised Profit	134	156	185	205	210

Cash Flow

(RMm)	Apr-21A	Apr-22A	Apr-23F	Apr-24F	Apr-25F
EBITDA	172.0	225.4	262.7	287.8	293.6
Cash Flow from Invt. & Assoc.					
Change In Working Capital					
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	323.1	127.4	3.8	5.5	6.5
Net Interest (Paid)/Received	(12.8)	(10.6)	(13.0)	(13.0)	(13.0)
Tax Paid	(40.1)	(61.7)	(64.4)	(71.9)	(74.1)
Cashflow From Operations	442.1	280.5	189.1	208.4	213.0
Capex	(3.6)	(10.6)	(15.0)	(15.0)	(15.0)
Disposals Of FAs/subsidiaries	0.0	0.0	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	0.0	0.0	0.0	0.0	0.0
Other Investing Cashflow	5.4	6.6	9.5	10.8	12.3
Cash Flow From Investing	1.8	(4.0)	(5.5)	(4.2)	(2.7)
Debt Raised/(repaid)	67.7	(31.5)	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	(37.2)	(78.4)	(85.3)	(94.5)	(88.4)
Preferred Dividends					
Other Financing Cashflow	(7.7)	(6.1)	(13.0)	(13.0)	(13.0)
Cash Flow From Financing	22.8	(115.9)	(98.3)	(107.5)	(101.4)
Total Cash Generated	466.7	160.6	85.3	96.8	108.9
Free Cashflow To Equity	511.6	245.0	183.6	204.2	210.3
Free Cashflow To Firm	456.7	287.1	196.6	217.2	223.3

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

(RMm)	Apr-21A	Apr-22A	Apr-23F	Apr-24F	Apr-25F
Total Cash And Equivalents	563.4	693.9	792.2	902.0	1,023.9
Total Debtors	148.5	142.5	170.7	185.0	193.7
Inventories	277.8	230.4	275.9	299.1	313.1
Total Other Current Assets	2.5	0.4	0.4	0.4	0.4
Total Current Assets	992.2	1,067.2	1,239.2	1,386.4	1,531.1
Fixed Assets	100.9	121.3	114.7	107.6	100.3
Total Investments	233.4	275.7	285.7	297.7	310.7
Intangible Assets	0.5	1.3	1.3	1.3	1.3
Total Other Non-Current Assets	74.7	82.2	82.2	82.2	82.2
Total Non-current Assets	409.6	480.5	483.9	488.8	494.5
Short-term Debt	105.7	100.0	100.0	100.0	100.0
Current Portion of Long-Term Debt					
Total Creditors	247.6	253.0	303.0	328.4	343.9
Other Current Liabilities	97.9	108.6	108.6	108.6	108.6
Total Current Liabilities	451.1	461.6	511.6	537.0	552.4
Total Long-term Debt	99.8	99.8	99.8	99.8	99.8
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	238.8	297.2	314.5	319.9	320.7
Total Non-current Liabilities	338.5	397.1	414.4	419.8	420.6
Total Provisions	0.0	0.0	0.0	0.0	0.0
Total Liabilities	789.7	858.6	926.0	956.8	973.0
Shareholders' Equity	565.4	634.3	733.9	844.4	965.7
Minority Interests	46.7	54.8	63.2	74.1	86.8
Total Equity	612.1	689.1	797.1	918.5	1,052.5

Key Ratios

	Apr-21A	Apr-22A	Apr-23F	Apr-24F	Apr-25F
Revenue Growth	30.3%	1.6%	19.8%	8.4%	4.7%
Operating EBITDA Growth	38.6%	31.0%	16.6%	9.6%	2.0%
Operating EBITDA Margin	7.52%	9.69%	9.43%	9.54%	9.29%
Net Cash Per Share (RM)	0.31	0.43	0.51	0.61	0.71
BVPS (RM)	0.49	0.55	0.64	0.73	0.84
Gross Interest Cover	12.16	19.35	18.56	20.46	20.88
Effective Tax Rate	23.7%	27.3%	25.0%	25.0%	25.0%
Net Dividend Payout Ratio	41.0%	47.0%	46.2%	46.1%	42.1%
Accounts Receivables Days	20.41	22.84	20.53	21.57	21.88
Inventory Days	88.77	47.31	39.24	41.28	41.74
Accounts Payables Days	55.07	46.61	43.09	45.33	45.84
ROIC (%)	22.0%	59.1%	83.5%	85.3%	85.3%
ROCE (%)	21.8%	24.7%	26.6%	26.2%	23.9%
Return On Average Assets	10.0%	11.0%	12.0%	12.1%	11.4%

Key Drivers

	Apr-21A	Apr-22A	Apr-23F	Apr-24F	Apr-25F
Malaysian sales volume	13,439.0	13,362.0	16,735.0	18,355.0	19,200.0
Philippines sales volume	1,245.0	1,304.0	1,500.0	1,670.0	1,820.0

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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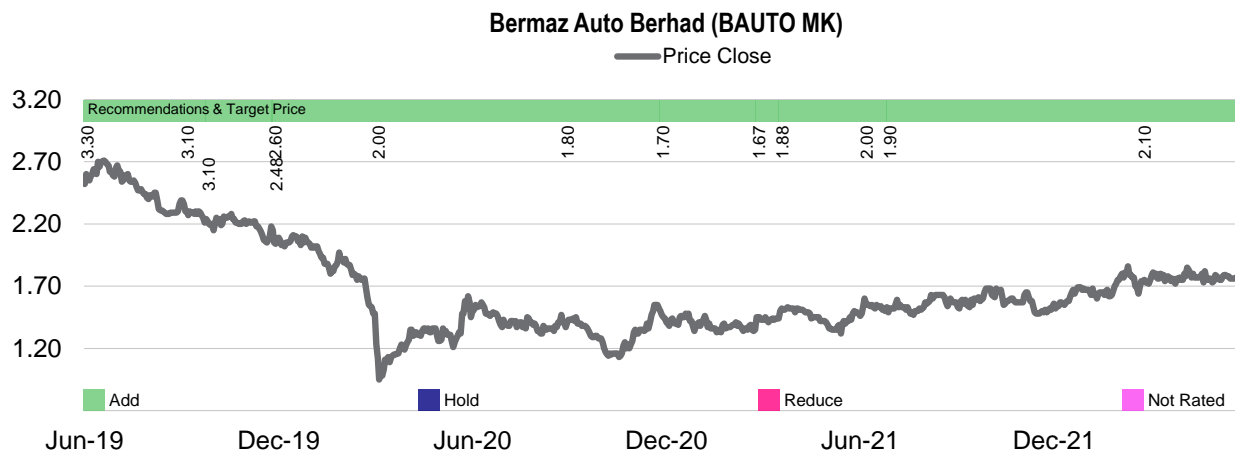
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Distribution of stock ratings and investment banking clients for quarter ended on 31 March 2022		
632 companies under coverage for quarter ended on 31 March 2022		
	Rating Distribution (%)	Investment Banking clients (%)
Add	70.3%	0.8%
Hold	22.0%	0.0%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

Spitzer Chart for stock being researched (2 year data)



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

ADVANC – Excellent, Certified, **AMATA** – Excellent, Certified, **ANAN** – Excellent, n/a, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Excellent, n/a, **AWC** – Excellent, Declared, **AU** – Good, n/a, **BAM** – Very Good, Certified, **BAY** – Excellent, Certified, **BBL** – Excellent, Certified, **BCH** – Very Good, Certified, **BCP** – Excellent, Certified, **BCPG** – Excellent, Certified, **BDMS** – Excellent, n/a, **BEAUTY** – Good, n/a, **BEM** – Excellent, n/a, **BH** – Good, n/a, **BJC** – Very Good, n/a, **BLA** – Very Good, Certified, **BTS** – Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – n/a, n/a, **CENTEL** – Excellent, Certified, **CHAYO** – Very Good, n/a, **CHG** – Very Good, n/a, **CK** – Excellent, n/a, **COM7** – Excellent, Certified, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** – Excellent, Certified, **CPNREIT** – n/a, n/a, **CRC** – Excellent, Declared, **DELTA** – Excellent, Certified, **DDD** – Excellent, n/a, **DIF** – n/a, n/a, **DOHOME** – Very Good, Declared, **DREIT** – n/a, n/a, **DTAC** – Excellent, Certified, **ECL** – Excellent, Certified, **EGCO** – Excellent, Certified, **EPG** – Excellent, Certified, **ERW** – Very Good, Certified, **GFPT** – Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Excellent, n/a, **HANA** – Excellent, Certified, **HMPRO** – Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Certified, **III** – Excellent, Declared, **INTUCH** – Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** – Excellent, Certified, **JASIF** – n/a, n/a, **JKN** – n/a, Certified, **JMT** – Very Good, n/a, **KBANK** – Excellent, Certified, **KCE** – Excellent, Certified, **KEX** – Very Good, Declared, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** – Excellent, Certified, **KTC** – Excellent, Certified, **LH** – Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MAKRO** – Excellent, Certified, **MC** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** – Excellent, Certified, **MTC** – Excellent, Certified, **NETBAY** – Very Good, n/a, **NRF** – Very Good, Declared, **OR** – Excellent, n/a, **ORI** – Excellent, Certified, **OSP** – Excellent, n/a, **PLANB** – Excellent, Certified, **PRINC** – Very Good, Certified, **PR9** – Excellent, Declared, **PSH** – Excellent, Certified, **PTT** – Excellent, Certified, **PTTEP** – Excellent, n/a, **PTTGC** – Excellent, Certified, **QH** – Excellent, Certified, **RAM** – n/a, n/a, **RBF** – Very Good, n/a, **RS** – Excellent, Declared, **RSP** – Good, n/a, **S** – Excellent, n/a, **SAK** – Very Good, Declared, **SAPPE** – Very Good, Certified, **SAWAD** – Very Good, n/a, **SCB** – Excellent, Certified, **SCC** – Excellent, Certified, **SCGP** – Excellent, Declared, **SECURE** – n/a, n/a, **SHR** – Excellent, n/a, **SIRI** – Excellent, Certified, **SPA** – Very Good, n/a, **SPALI** – Excellent, Certified, **SPRC** – Excellent, Certified, **SSP** – Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Very Good, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIDLOR** – n/a, Certified, **TISCO** – Excellent, Certified, **TKN** – Very Good, n/a, **TOP** – Excellent, Certified, **TRUE** – Excellent, Certified, **TTB** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Certified, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – n/a, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

- CG Score 2021 from Thai Institute of Directors Association (IOD)

- Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of August 5, 2021) are categorised into: companies that have declared their intention to join CAC, and companies certified by CAC.

Recommendation Framework

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.