

## Malaysia

### ADD (no change)

Consensus ratings\*: Buy 12 Hold 3 Sell 0

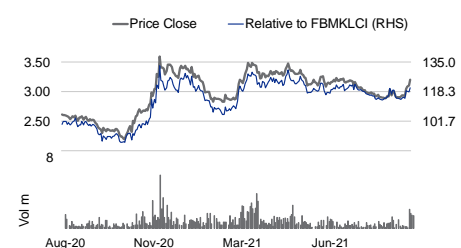
Current price: RM3.20  
Target price: RM4.20  
Previous target: RM4.20  
Up/downside: 31.3%  
CGS-CIMB / Consensus: 12.4%

Reuters: UMWS.KL  
Bloomberg: UMWK MK  
Market cap: US\$891.1m  
RM3,739m  
Average daily turnover: US\$0.33m  
RM1.39m  
Current shares o/s: 1,153m  
Free float: 37.8%

\*Source: Bloomberg

### Key changes in this note

No change.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	10	-1.5	22.6
Relative (%)	5.2	-2	20.3

Major shareholders	% held
Permodalan Nasional Bhd	42.1
EPF	12.0
KWAP	8.0

### Analyst(s)



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# UMW Holdings

## Pedal to the metal for a 2H21F recovery

- Although 1H21 core net profit only made up 23%/25% of our/consensus estimates, we deem the results to be in line as we project a stronger 2H21F.
- We see a pick-up in automotive sales in 2H21F, driven by healthy order backlog at UMW and Perodua due to the ongoing sales tax holiday.
- Reiterate Add and RM4.20 TP, still based on 14x CY22F P/E.

### Slipped into losses in 2Q21 mainly due to FMCO in Jun

UMW Holdings (UMW) posted a headline net loss of RM21.1m in 2Q21 against RM97.3m net profit in 1Q21 due to lower contribution from all divisions – automotive (-17.3% qoq), equipment (-9.8% qoq), and manufacturing & engineering (M&E) (-30.5% qoq), following the nationwide implementation of the Full Movement Control Order (FMCO) in Jun 21. Stripping out the exceptional items, the group posted a RM14.2m core net loss in 2Q21 against RM87.5m core net profit in 1Q21.

### 1H21 core net profit jumped 4.7x yoy

Revenue surged 48% yoy in 1H21 to RM5.4bn, mainly due to higher contributions from the automotive division on the back of the ongoing sales tax holiday and new models launched by UMW-Toyota (UMWT). UMWT sales volume rose 85% yoy in 1H21 to 34,111 units. Stripping out exceptional items such as RM10.5m reversal of impairment on receivables and RM7.6m unrealised forex loss related to its operations in Myanmar, the group posted RM73.3m core net profit in 1H21 (vs. RM15.6m core net profit in 1H20).

### 2H21F recovery gaining momentum

UMWT is upbeat about a recovery in 2H21F, underpinned by a healthy order backlog secured prior to the implementation of FMCO in Jun 21 – we gather that the group has outstanding orders of over 20k units. Meanwhile, UMWT does not see material impact from the semiconductor chip shortages as it has been building up inventory since FMCO, which had allowed it to resume its operations with minimal disruption since mid-Aug. For example, we learnt that the Bukit Raja and Shah Alam assembly plants are currently running above 80% utilisation. The acceleration in recovery was partially driven by the group's initiative to vaccinate its employees since Jul 21. We gather that over 90% of the group's employees were fully vaccinated as of yesterday. UMWT is also on track to launch its complete knocked-down (CKD) Corolla Cross in 4Q21F and we are excited to learn that the model will also come with a hybrid variant as part of the group's initiative to promote electric mobility. Finally, we are encouraged to learn that the group is seeing a pick-up in its aerospace fan case order replenishment in line with the recovery in the global aviation sector. This should translate into higher shipment from 2H21F.

### Reiterate Add and RM4.20 TP

We keep our earnings forecasts and reiterate Add with an unchanged RM4.20 TP, still based on 14x CY22F P/E, in line with target sector P/E. UMW trades at undemanding valuations of 12x CY21F P/E, about 1 s.d. below its 3-year mean of 17x, and 0.9x CY21F P/BV, below its net asset value of RM3.35/share as at end-Jun 2021.

Financial Summary	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
Revenue (RMm)	11,739	9,555	10,779	12,136	12,853
Operating EBITDA (RMm)	642.5	712.0	850.6	928.5	993.5
Net Profit (RMm)	454.4	204.6	313.9	348.0	371.3
Core EPS (RM)	0.24	0.24	0.27	0.30	0.32
Core EPS Growth	(24.9%)	1.3%	10.2%	10.9%	6.7%
FD Core P/E (x)	13.29	13.12	11.91	10.74	10.07
DPS (RM)	0.020	0.040	0.060	0.080	0.080
Dividend Yield	0.63%	1.25%	1.88%	2.50%	2.50%
EV/EBITDA (x)	11.17	9.41	8.58	8.05	7.50
P/FCFE (x)	18.77	3.60	NA	9.35	3.63
Net Gearing	17.0%	6.5%	11.5%	9.9%	5.7%
P/BV (x)	1.01	0.97	0.92	0.88	0.84
ROE	7.99%	7.53%	7.94%	8.42%	8.57%
% Change In Core EPS Estimates			0%	0%	0%
CGS-CIMB/Consensus EPS (x)			1.11	1.07	1.03

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## Key catalysts and risks ➤

We see a higher take-up for new launches, potential extension in sales tax holiday, introduction of new CKD models, and the strengthening of the ringgit vs. US\$ as potential re-rating catalysts. Delays in new CKD launches, drag from its manufacturing and M&E divisions, and a weakening ringgit vs. US\$ are key downside risks to our call.

**Figure 1: Results comparison**

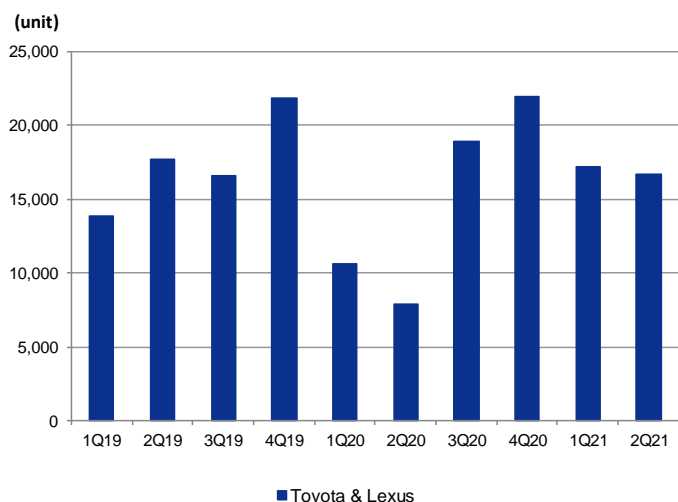
FYE Dec (RM m)	2Q21	2Q20	yoy % chg	1Q21	qoq % chg	2Q21 Cum	2Q20 Cum	yoy % chg	Prev. FY21F	Comments
Revenue	2,445	1,530	59.8	2,954	(17.2)	5,399	3,649	48.0	10,779	Stronger yoy on higher sales volume
Operating costs	(2,332)	(1,403)	66.2	(2,793)	(16.5)	(5,125)	(3,381)	51.6	(9,928)	
<b>EBITDA</b>	<b>113</b>	<b>126.4</b>	<b>(10.4)</b>	<b>161</b>	<b>(29.6)</b>	<b>274</b>	<b>268</b>	<b>2.4</b>	<b>851</b>	<b>In line</b>
EBITDA margin (%)	4.6	8.3		5.4		5.1	7.3		7.9	
Depn & amort.	(86)	(95)	(9.9)	(82)	4.8	(167)	(187)	(10.5)	(365)	
<b>EBIT</b>	<b>27.6</b>	<b>31.3</b>	<b>(11.9)</b>	<b>79.0</b>	<b>(65.1)</b>	<b>106.6</b>	<b>80.5</b>	<b>32.4</b>	<b>486.1</b>	
Interest expense	(26)	(30)	(14.6)	(27)	(6.1)	(53)	(60)	(11.3)	(119)	Total borrowings of RM2.2bn as at end-Jun 2021
Interest & invt inc	12	12	1.8	14	(10.3)	26	31	(15.5)	82	Total cash of RM2.6bn as at end-June 2021
Associates' contrib	25	(27)	> 100	87	(71.1)	113	2	> 100	262	Higher contribution from Perodua
Exceptionals	(7)	(45)	(84.7)	10	> 100	3	(50)	> 100	0	Reversal of impairment on receivables
<b>Pretax profit</b>	<b>33</b>	<b>(59)</b>	<b>&gt; 100</b>	<b>163</b>	<b>(80.0)</b>	<b>195</b>	<b>4</b>	<b>&gt; 100</b>	<b>711</b>	
Tax	(11)	5	> 100	(39)	(71.9)	(50)	(9)	> 100	(171)	In line
Tax rate (%)	34.0	8.1		24.2		25.8	225.0		24.0	
Minority interests	(43)	(24)	75.0	(26)	63.4	(69)	(29)	> 100	(227)	
Net profit	(21)	(78)	(73.1)	97	> 100	76.2	(34.1)	> 100	314	In line
<b>Core net profit</b>	<b>(14)</b>	<b>(33)</b>	<b>(57.2)</b>	<b>88</b>	<b>&gt; 100</b>	<b>73</b>	<b>15.6</b>	<b>&gt; 100</b>	<b>314</b>	<b>1H21 core net profit made up 23% of CGS-CIMB</b>
EPS (sen)	(1.8)	(6.7)	(73.1)	8.3	> 100	6.5	(2.9)	> 100	26.9	and 25% of Bloomberg consensus full-year estimates
Core EPS (sen)	(1.2)	(2.8)	(57.2)	7.5	> 100	6.3	1.3	> 100	26.9	

SOURCES: CIMB RESEARCH, COMPANY REPORTS

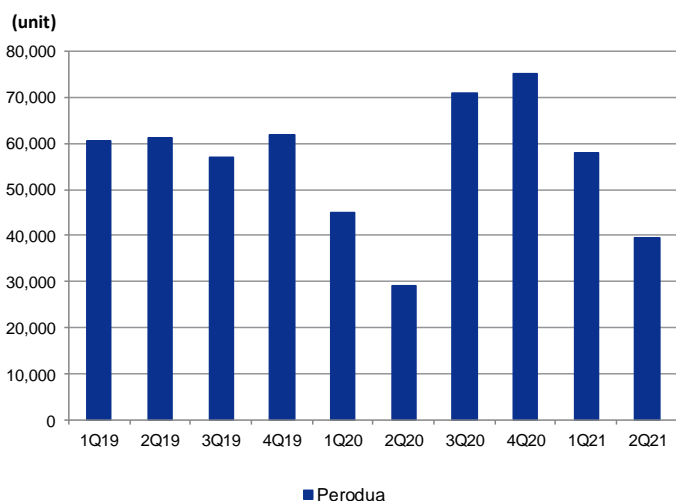
**Figure 2: Revenue and pre-tax profit breakdown**

Revenue (RM m)	2Q21	2Q20	yoy % chg	1Q21	qoq % chg	2Q21 Cum	2Q20 Cum	yoy % chg	
Automotive	1,982	1,102	79.8	2,396	(17.3)	4,378	2,688	62.9	Toyota and Perodua sales volume rose 85% and 31% yoy in 1H21
Equipment	300	233	28.6	332	(9.8)	632	522	21.1	
Manufacturing & Engineering	160	183	(12.8)	230	(30.5)	390	432	(9.6)	Lower Aerospace fan case shipment volume
Others	3	11	(69.9)	(4)	> 100	(1)	7	> 100	
<b>Total</b>	<b>2,445</b>	<b>1,530</b>	<b>59.8</b>	<b>2,954</b>	<b>(17.2)</b>	<b>5,399</b>	<b>3,649</b>	<b>48.0</b>	
PBT (RM m)	2Q21	2Q20	yoy % chg	1Q21	qoq % chg	2Q21 Cum	2Q20 Cum	yoy % chg	
Automotive	35	(42)	> 100	146	(76.2)	180	12	> 100	Driven by higher sales volume
Equipment	32	25	29.1	22	45.0	54	50	6.6	
Manufacturing & Engineering	(6)	8	> 100	8	> 100	2	19	(87.5)	Losses from Aerospace segment
Others	(28)	(50)	(44.1)	(13)	> 100	(41)	(77)	(46.6)	
<b>Total</b>	<b>33</b>	<b>(59)</b>	<b>&gt; 100</b>	<b>163</b>	<b>(80.0)</b>	<b>195</b>	<b>4</b>	<b>&gt; 100</b>	

SOURCES: CIMB RESEARCH, COMPANY REPORTS

**Figure 3: Historical UMWT sales volume**


SOURCES: CIMB RESEARCH, COMPANY REPORTS

**Figure 4: Historical Perodua sales volume**


SOURCES: CIMB RESEARCH, COMPANY REPORTS

**Figure 5: UMW's 1-year forward P/E (x)**


SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 6: Sector comparison**

Company	Bloomberg Ticker	Recom.	Price (local currency)	Target Price (local currency)	Market Cap (US\$ m)	Core P/E (x)		P/BV (x)		Recurring ROE (%)		EV/EBITDA (x)		Dividend Yield (%)	
						CY21F	CY22F	CY21F	CY22F	CY21F	CY22F	CY21F	CY22F	CY21F	CY22F
Bermaz Auto Berhad	BAUTO MK	Add	1.62	1.90	448	13.2	11.9	3.1	2.7	24.8	24.3	6.7	5.8	4.4	5.0
DRB-Hicom	DRB MK	Hold	1.67	1.65	770	na	21.1	0.4	0.4	(0.2)	2.0	4.7	5.0	-	-
Tan Chong Motor Holdings	TCM MK	Reduce	1.17	0.99	182	na	283.3	0.3	0.3	(0.7)	0.1	9.3	8.5	0.9	0.9
UMW Holdings	UMWH MK	Add	3.20	4.20	891	11.9	10.7	0.9	0.9	8.1	8.4	8.3	7.9	1.9	2.5
Sime Darby Bhd	SIME MK	Add	2.39	2.95	3,875	12.8	12.5	1.0	1.0	8.1	8.0	4.8	4.6	6.1	6.0
<b>Malaysia average</b>						<b>15.3</b>	<b>13.2</b>	<b>0.8</b>	<b>0.8</b>	<b>6.1</b>	<b>6.2</b>	<b>5.5</b>	<b>5.4</b>	<b>4.9</b>	<b>4.5</b>

SOURCES: CIMB RESEARCH, COMPANY REPORTS

## ESG in a nutshell



UMW Holdings is ranked in top 26-50% in ESG Ratings among FBM EMAS PLCs by FTSE Russell. UMW Holdings has four pillars to guide its sustainability journey – 1) Innovative and high performance culture, 2) Dynamic workforce, 3) Environmental stewardship, and 4) Nurturing the community and society. We deemed UMW Holdings as having one of the best policies to tackle the environmental components under ESG among Malaysian automakers, riding on its principal partner, Toyota.

### Keep your eye on

Global automakers are increasing their efforts to achieve cleaner exhaust emissions and improved fuel economy in order to reduce their vehicles' CO<sub>2</sub> emissions and the world's dependence on fossil fuels. The Malaysian government is looking to introduce more incentives to promote electric vehicle (EV) adoption in the domestic market within the next 10 years in the upcoming National Automotive Policy (NAP) revision.

### Implications

The structural shift from internal combustion engines (ICE) to hybrid and EVs will pose major long-term challenges for domestic players. UMW-Toyota is investing RM270m into local manufacturing of hybrid EVs at Bukit Raja Plant. This is part of the group's initiatives towards carbon neutrality and to offer cleaner vehicle options to Malaysian consumers. Meanwhile Perodua is conducting a feasibility study on electrification and hybrid technology viability.

### ESG highlights

UMW-Toyota aims to achieve zero emission and net positive environmental impact by 2050, which is based on Toyota Environmental Challenge 2050. Under this strategy, the group has installed 2 MWp solar PV systems that generate 8,239 GJ of solar energy per year at Toyota ASSB Shah Alam and Bukit Raja plant.

### Implications

The group increased its solar energy generation by 22% in 2020 compared to 2019 following the commissioning of the Toyota ASSB Bukit Raja plant. Overall, the group generated 2.1% of its energy consumption in 2020 from renewable sources.

### Trends

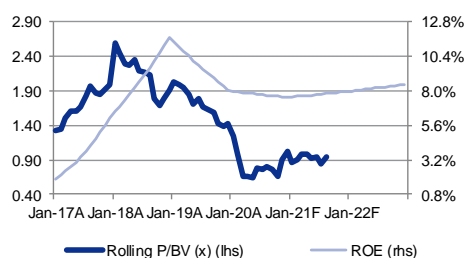
The group rely on 9,471 suppliers globally to ensure smooth daily operations. UMW spent 33.6% or RM1.6bn of its procurement budget on local suppliers, which represented 44.5% of its total suppliers. The group aims to include more social and governance aspects into its procurement process in order to develop a sustainable supply chain for long-term value creation.

### Implications

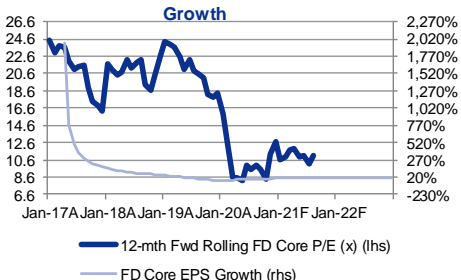
We believe supporting local suppliers will help to foster the growth of its domestic vendor ecosystem and contribute to the local economy. UMW-Toyota is also incentivised to promote a higher local content adoption for its completed-knocked down (CKD) programme. This will allow the group to benefit from higher excise duty waiver under the industrial linkage programme.

## BY THE NUMBERS

**P/BV vs ROE**



**12-mth Fwd FD Core P/E vs FD Core EPS Growth**



### Profit & Loss

(RMm)	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
<b>Total Net Revenues</b>	<b>11,739</b>	<b>9,555</b>	<b>10,779</b>	<b>12,136</b>	<b>12,853</b>
<b>Gross Profit</b>	<b>1,761</b>	<b>1,529</b>	<b>1,725</b>	<b>1,942</b>	<b>2,057</b>
<b>Operating EBITDA</b>	<b>642</b>	<b>712</b>	<b>851</b>	<b>929</b>	<b>993</b>
Depreciation And Amortisation	(346)	(374)	(365)	(377)	(390)
<b>Operating EBIT</b>	<b>296</b>	<b>338</b>	<b>486</b>	<b>551</b>	<b>604</b>
Financial Income/(Expense)	(62)	(61)	(37)	(49)	(46)
Pretax Income/(Loss) from Assoc.	276	204	262	278	271
Non-Operating Income/(Expense)	0	0	0	0	0
<b>Profit Before Tax (pre-EI)</b>	<b>510</b>	<b>481</b>	<b>711</b>	<b>780</b>	<b>829</b>
Exceptional Items	231	(80)	0	0	0
<b>Pre-tax Profit</b>	<b>741</b>	<b>401</b>	<b>711</b>	<b>780</b>	<b>829</b>
Taxation	(112)	(78)	(171)	(187)	(199)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>629</b>	<b>323</b>	<b>541</b>	<b>593</b>	<b>630</b>
Minority Interests	(174)	(118)	(227)	(245)	(258)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>454</b>	<b>205</b>	<b>314</b>	<b>348</b>	<b>371</b>
Recurring Net Profit	281	285	314	348	371
<b>Fully Diluted Recurring Net Profit</b>	<b>281</b>	<b>285</b>	<b>314</b>	<b>348</b>	<b>371</b>

### Cash Flow

(RMm)	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
<b>EBITDA</b>	<b>642.5</b>	<b>712.0</b>	<b>850.6</b>	<b>928.5</b>	<b>993.5</b>
Cash Flow from Inv. & Assoc.					
Change In Working Capital	(83.7)	449.7	(712.4)	(336.3)	(177.8)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	0.0	373.2	364.5	377.0	389.5
Net Interest (Paid)/Received	(61.6)	(61.1)	(36.7)	(49.2)	(46.4)
Tax Paid	(129.6)	(88.4)	(170.7)	(187.3)	(198.9)
<b>Cashflow From Operations</b>	<b>367.6</b>	<b>1,385.3</b>	<b>295.3</b>	<b>732.8</b>	<b>960.0</b>
Capex	(237.3)	(400.0)	(400.0)	(400.0)	0.0
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	68.9	54.4	82.0	67.2	70.1
<b>Cash Flow From Investing</b>	<b>(168.3)</b>	<b>(345.6)</b>	<b>(318.0)</b>	<b>(332.8)</b>	<b>70.1</b>
Debt Raised/(repaid)					
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(23.4)	(46.7)	(70.1)	(93.5)	(93.5)
Preferred Dividends					
Other Financing Cashflow	(69.7)	(69.9)	(70.0)	(70.0)	(70.0)
<b>Cash Flow From Financing</b>	<b>(93.0)</b>	<b>(116.6)</b>	<b>(140.1)</b>	<b>(163.5)</b>	<b>(163.5)</b>
Total Cash Generated	106.2	923.2	(162.8)	236.6	866.6
<b>Free Cashflow To Equity</b>	<b>199.2</b>	<b>1,039.7</b>	<b>(22.7)</b>	<b>400.0</b>	<b>1,030.1</b>
<b>Free Cashflow To Firm</b>	<b>329.7</b>	<b>1,155.2</b>	<b>96.1</b>	<b>516.5</b>	<b>1,146.5</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## BY THE NUMBERS... cont'd

### Balance Sheet

(RMm)	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
Total Cash And Equivalents	1,472	2,051	1,681	1,751	2,029
Total Debtors	1,454	1,202	1,659	1,867	1,978
Inventories	1,590	1,439	1,783	2,007	2,126
Total Other Current Assets	1,131	1,299	1,299	1,299	1,299
<b>Total Current Assets</b>	<b>5,646</b>	<b>5,992</b>	<b>6,422</b>	<b>6,925</b>	<b>7,432</b>
Fixed Assets	2,702	2,463	2,498	2,521	2,532
Total Investments	171	284	284	284	284
Intangible Assets	0	0	0	0	0
Total Other Non-Current Assets	2,616	2,708	2,708	2,708	2,708
<b>Total Non-current Assets</b>	<b>5,488</b>	<b>5,455</b>	<b>5,491</b>	<b>5,514</b>	<b>5,524</b>
Short-term Debt	386	524	524	524	524
Current Portion of Long-Term Debt					
Total Creditors	2,077	2,156	2,244	2,341	2,392
Other Current Liabilities	138	116	116	116	116
<b>Total Current Liabilities</b>	<b>2,601</b>	<b>2,796</b>	<b>2,884</b>	<b>2,981</b>	<b>3,032</b>
Total Long-term Debt	2,123	1,942	1,942	1,942	1,942
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	312	291	291	291	291
<b>Total Non-current Liabilities</b>	<b>2,436</b>	<b>2,234</b>	<b>2,234</b>	<b>2,234</b>	<b>2,234</b>
Total Provisions	0	0	0	0	0
<b>Total Liabilities</b>	<b>5,037</b>	<b>5,030</b>	<b>5,117</b>	<b>5,214</b>	<b>5,266</b>
Shareholders' Equity	3,696	3,868	4,042	4,227	4,434
Minority Interests	2,402	2,549	2,776	3,021	3,279
<b>Total Equity</b>	<b>6,098</b>	<b>6,417</b>	<b>6,818</b>	<b>7,247</b>	<b>7,714</b>

### Key Ratios

	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
Revenue Growth	3.9%	(18.6%)	12.8%	12.6%	5.9%
Operating EBITDA Growth	(1.1%)	10.8%	19.5%	9.2%	7.0%
Operating EBITDA Margin	5.47%	7.45%	7.89%	7.65%	7.73%
Net Cash Per Share (RM)	(0.89)	(0.36)	(0.67)	(0.61)	(0.37)
BVPS (RM)	3.16	3.31	3.46	3.62	3.80
Gross Interest Cover	2.27	2.93	4.09	4.74	5.19
Effective Tax Rate	15.2%	19.4%	24.0%	24.0%	24.0%
Net Dividend Payout Ratio	7.0%	12.9%	14.5%	17.5%	16.4%
Accounts Receivables Days	39.45	50.88	48.44	53.02	54.59
Inventory Days	57.39	69.06	64.95	67.86	69.87
Accounts Payables Days	25.51	28.38	29.29	29.31	30.18
ROIC (%)	4.08%	4.64%	7.11%	7.27%	7.60%
ROCE (%)	4.26%	4.49%	6.25%	6.51%	6.78%
Return On Average Assets	5.23%	4.80%	6.41%	6.81%	6.89%

### Key Drivers

	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
USDMYR	4.2	4.2	4.1	4.1	4.1

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS



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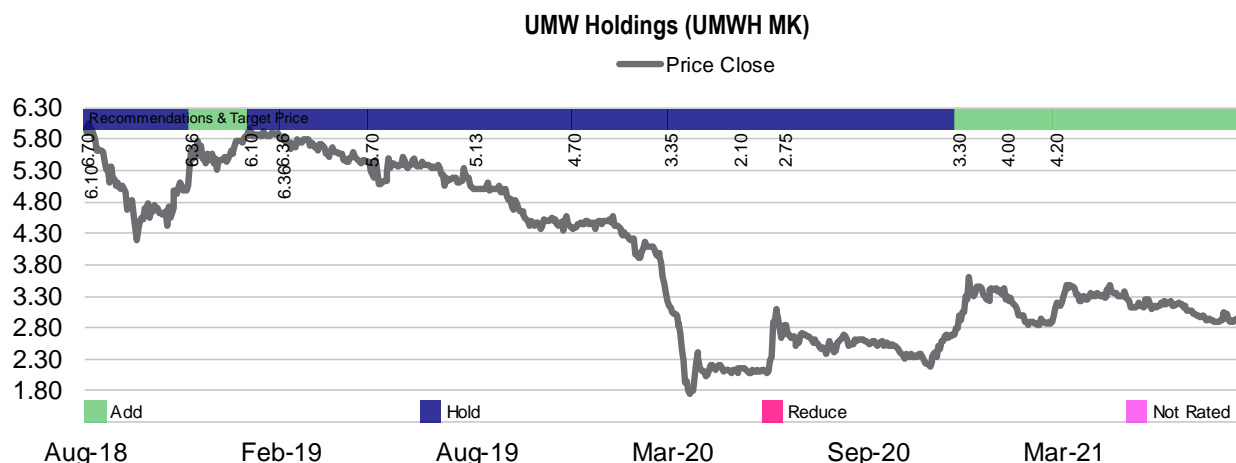
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Distribution of stock ratings and investment banking clients for quarter ended on 30 June 2021		
623 companies under coverage for quarter ended on 30 June 2021		
	Rating Distribution (%)	Investment Banking clients (%)
Add	72.1%	1.1%
Hold	19.3%	0.0%
Reduce	8.7%	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 2020, Anti-Corruption 2020

**ADVANC** – Excellent, Certified, **AMATA** – Excellent, Certified, **ANAN** – Excellent, n/a, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Excellent, n/a, **AU** – Good, n/a, **BAM** – Very Good, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – Good, Certified, **BCP** – Excellent, Certified, **BCPG** – Excellent, Certified, **BDMS** – Excellent, n/a, **BEAUTY** – Good, n/a, **BH** – Good, n/a, **BJC** – Very Good, n/a, **BLA** – Excellent, 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** – Very Good, Certified, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** – Excellent, Certified, **CPNREIT** – n/a, n/a, **CRC** – Very Good, n/a, **DELTA** – Excellent, Certified, **DDD** – Very Good, n/a, **DIF** – n/a, n/a, **DOHOME** – Very Good, n/a, **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** – Very Good, n/a, **HANA** – Excellent, Certified, **HMPRO** – Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Certified, **III** – Excellent, n/a, **INTUCH** – Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** – Excellent, Certified, **JASIF** – n/a, n/a, **JKN** – Excellent, Declared, **JMT** – Very Good, Declared, **KBANK** – Excellent, Certified, **KCE** – Excellent, Certified, **KEX** – n/a, n/a, **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** – n/a, n/a, **OR** – n/a, n/a, **ORI** – Excellent, Certified, **OSP** – Very Good, n/a, **PLANB** – Excellent, Certified, **PRINC** – Very Good, Certified, **PR9** – Excellent, n/a, **PSH** – Excellent, Certified, **PTT** – Excellent, Certified, **PTTEP** – Excellent, Certified, **PTTGC** – Excellent, Certified, **QH** – Excellent, Certified, **RBF** – Good, n/a, **RS** – Excellent, n/a, **RSP** – Good, n/a, **S** – Excellent, n/a, **SAK** – n/a, n/a, **SAPPE** – Very Good, Certified, **SAWAD** – Very Good, n/a, **SCB** – Excellent, Certified, **SCC** – Excellent, Certified, **SCGP** – n/a, n/a, **SHR** – Very Good, n/a, **SIRI** – Excellent, Certified, **SPA** – Very Good, n/a, **SPALI** – Excellent, Declared, **SPRC** – Excellent, Certified, **SSP** – Good, Declared, **STEC** – n/a, n/a, **SVI** – Excellent, Certified, **SYNEX** – Very Good, n/a, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIDLOR** – n/a, n/a, **TISCO** – Excellent, Certified, **TKN** – Very Good, n/a, **TMB** – Excellent, Certified, **TOP** – Excellent, Certified, **TRUE** – 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 2020 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 January 30, 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.