

**Malaysia**

**ADD** (no change)

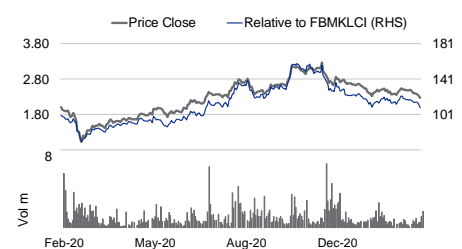
Consensus ratings\*: Buy 2 Hold 0 Sell 0

Current price:	RM2.27
Target price:	RM3.43
Previous target:	RM3.61
Up/downside:	51.1%
CGS-CIMB / Consensus:	5.6%
Reuters:	TGIB.KL
Bloomberg:	TGI MK
Market cap:	US\$213.6m
	RM862.8m
Average daily turnover:	US\$0.61m
	RM2.47m
Current shares o/s:	382.8m
Free float:	60.0%

\*Source: Bloomberg

**Key changes in this note**

- FY21-22F EPS cut by 5-11%.
- FY23F numbers are introduced.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-6.2	-15.6	8.1
Relative (%)	-6.5	-14.6	2.7

Major shareholders	% held
Ang family	40.0

**Analyst(s)**



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# Thong Guan Industries

## Volume growth is key

- Thong Guan Industries's FY20 core net profit went 7% under our expectation, mostly due to its effective tax rate rising beyond our estimates.
- We cut our FY21-22F EPS by 5-11% as we believe its margin could be slightly cramped by the weakening US dollar and higher resin prices.
- That being said, we expect Thong Guan to benefit from export volume growth. Reiterate Add with slightly lower TP of RM3.43 (14x CY22F P/E).

### FY20 core net profit at 93% of full-year forecast

Thong Guan Industries's FY20 core net profit, after removing the RM1.4m in unrealised foreign exchange loss, was up by 24.3% yoy. Margin expansion was evident, as its FY20 revenue inched up by only 2.7% yoy, thanks to lower material prices and the weaker ringgit in the earlier part of FY20. However, we had expected Thong Guan to post a higher core net profit in FY20; the actual number was 7% lower than our full-year core net profit forecast. Apart from overestimating the sales growth, Thong Guan's FY20 effective tax rate rose to 19.6% (FY19: 15.9%) vs. our estimate of 17.8%. Besides, in 4Q20, the group's gross margin slipped to 15.6%, compared with 16.7% in 9M20. Prices of polyethylene (PE) shot up in 4Q20 amidst a supply shortage. On the bright side, Thong Guan's FY20 DPS came to 6.5 sen, which was higher than our forecast 6 sen.

### 4Q20: first sequential fall in core net profit in six quarters

The higher raw material prices and higher effective tax rate halted Thong Guan's six consecutive qoq core net profit growth in 4Q20. Its sales inched down by only 1.2% qoq but the 4Q20 core net profit receded by a larger quantum of 11.4%. According to Thong Guan, the qoq revenue drop was the result of shipping delays suffered in the quarter as ocean freight cost elevated during a shortage of containers and vessels.

### Reducing FY21-22F EPS by 5-11%

The weakening US dollar could put a further dent on Thong Guan's margins going forward. And with that, we lower our FY21-22F EPS estimates by 5-11%. However, we are not particularly concerned about the group's growth trajectory. The strong sales growth over the past few years has shown that the group's overseas foray is paying off as the international clients have taken a liking to Thong Guan's high-value plastic and stretch films, to the point the group needs to increase its capacity. Thong Guan is looking to double its messenger bag output yoy in FY21F. Thong Guan is also waiting for travel sanctions to be lifted again so that it can see to the construction of its Myanmar plant.

### Reiterate Add; growth story carries 51% potential upside

The FY21-22F EPS revision pulls down our TP from RM3.61 to RM3.43. We still value the stock at 14x CY22F P/E, which is 2 s.d. above its 5-year mean, as we believe Thong Guan deserves a premium valuation while it undertakes a new growth path. The group also has a superior cash-generation ability, with its net cash rising 68% yoy to RM147.4m (37.6 sen/share) as at end-Dec 2020. Downside risk: rising raw material prices.

### Financial Summary

	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
Revenue (RMm)	935	961	1,057	1,215	1,318
Operating EBITDA (RMm)	98.8	126.3	132.1	153.5	175.6
Net Profit (RMm)	63.2	76.3	78.8	92.5	106.1
Core EPS (RM)	0.34	0.20	0.21	0.24	0.28
Core EPS Growth	40.1%	(41.9%)	3.3%	17.3%	14.7%
FD Core P/E (x)	6.62	8.49	11.08	9.40	8.19
DPS (RM)	0.080	0.060	0.062	0.072	0.083
Dividend Yield	3.52%	2.63%	2.72%	3.19%	3.66%
EV/EBITDA (x)	3.53	5.90	6.30	5.49	4.82
P/FCFE (x)	10.4	8.4	37.7	104.2	20.7
Net Gearing	(14.7%)	(22.0%)	(8.8%)	(7.3%)	(6.7%)
P/BV (x)	0.72	1.34	1.24	1.13	1.03
ROE	11.8%	12.5%	11.7%	12.6%	13.2%
% Change In Core EPS Estimates			(10.8%)	(5.0%)	
CGS-CIMB/Consensus EPS (x)			0.92	0.97	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 1: Results Comparison**

FYE Dec (RM m)	4QFY20	4QFY19	yoy % chg	3QFY20	qoq % chg	4QFY20 cum	4QFY19 cum	yoy % chg	Prev. FY20F	Comments
Revenue	242.7	231.6	4.8	245.8	(1.2)	960.6	935.1	2.7	972.5	PVC food wrap and garbage bags underperformed
Operating costs	(211.0)	(202.9)	4.0	(211.1)	(0.1)	(834.3)	(835.3)	(0.1)	(870.0)	-
<b>EBITDA</b>	<b>31.7</b>	<b>28.7</b>	<b>10.5</b>	<b>34.6</b>	<b>(8.4)</b>	<b>126.3</b>	<b>99.8</b>	<b>26.6</b>	<b>128.1</b>	
EBITDA margin (%)	13.1	12.4	0.7	14.1	(1.0)	13.1	10.7	2.5	13.2	In line with expectation
Depn & amort.	(7.2)	(7.3)	(1.4)	(6.6)	9.5	(27.4)	(24.0)	13.8	(25.6)	-
<b>EBIT</b>	<b>24.5</b>	<b>21.4</b>	<b>14.6</b>	<b>28.1</b>	<b>(12.6)</b>	<b>98.9</b>	<b>75.7</b>	<b>30.7</b>	<b>102.5</b>	
Interest expense	(0.4)	(1.0)	(56.3)	(0.5)	(10.5)	(2.5)	(4.4)	(42.3)	-	
Interest & invt inc	0.9	1.0	(6.0)	0.7	32.3	4.2	4.1	1.3	1.0	Net cash vaulted by 26% qoq to RM120m
Associates' contrib	0.3	0.3	(6.8)	0.3	nm	1.0	0.5	104.1	0.96	(61.4 sen/share) as at end-Sep 2020
Exceptionals	(1.1)	0.0	nm	(1.1)	(2.4)	(1.4)	0.0	nm	(1.4)	Solely consisted of unrealised forex loss
<b>Pretax profit</b>	<b>24.2</b>	<b>21.7</b>	<b>11.4</b>	<b>27.4</b>	<b>(11.7)</b>	<b>100.2</b>	<b>75.9</b>	<b>31.9</b>	<b>103.4</b>	In line with expectation
Tax	(5.6)	(3.1)	83.8	(5.6)	0.0	(19.6)	(12.0)	63.0	(18.4)	
Tax rate (%)	23.3	14.1	65.0	20.6	2.7	19.6	15.9	23.6	17.8	
Minority interests	(1.3)	(0.8)	nm	(2.2)	(40.2)	(5.0)	(2.0)	150.7	(2.6)	
<b>Net profit</b>	<b>17.3</b>	<b>17.9</b>	<b>(3.3)</b>	<b>19.6</b>	<b>(11.9)</b>	<b>75.5</b>	<b>61.9</b>	<b>22.0</b>	<b>82.4</b>	Thong Guan's 3Q20 core net profit made up 71% of our full-year earnings forecasts
Core net profit	18.4	17.9	2.9	20.7	(11.4)	76.9	61.9	24.3	82.4	
EPS (sen)	4.6	10.0	(54.1)	10.5	(56.2)	20.0	27.9	(28.1)	54.7	
Core EPS (sen)	4.9	10.0	(51.1)	11.1	(56.0)	20.4	34.6	(41.0)	54.7	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 2: Segmental breakdown**

Revenue (RM m)	4Q20	4Q19	Yoy (%)	3Q20	Qoq (%)	4Q20 cum.	4Q19 cum.	Yoy (%)
Plastic packaging products	223.2	214.5	4.0%	224.6	-0.6%	882.1	872.1	1.1%
Food, beverages, and other consumable products	19.5	17.1	14.2%	21.2	-7.6%	78.5	63.0	24.7%
<b>Total</b>	<b>242.7</b>	<b>231.6</b>	<b>4.8%</b>	<b>245.8</b>	<b>-1.2%</b>	<b>960.6</b>	<b>935.1</b>	<b>2.7%</b>
Pre-tax profit/(loss) (RM m)	4Q20	4Q19	Yoy (%)	3Q20	Qoq (%)	4Q20 cum.	4Q19 cum.	Yoy (%)
Plastic packaging products	23.7	22.6	5.0%	26.4	-10.3%	96.3	74.4	29.5%
Food, beverages, and other consumable products	0.5	(0.8)	-163.9%	1.0	-48.2%	3.8	1.6	143.7%
<b>Total</b>	<b>24.2</b>	<b>21.7</b>	<b>11.4%</b>	<b>27.4</b>	<b>-11.7%</b>	<b>100.2</b>	<b>75.9</b>	<b>31.9%</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 3: Earnings revision**

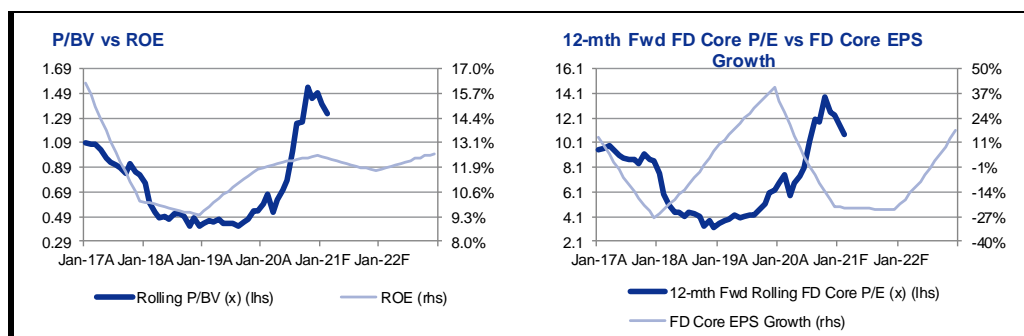
	Previous			Revised			Change		
	FY21F	FY22F	FY23F	FY21F	FY22F	FY23F	FY21F	FY22F	FY23F
Revenue	1,021.1	1,123.2	-	1,056.6	1,215.1	-	3%	8%	0%
EBIT	111.6	122.8	-	102.0	118.9	-	-9%	-3%	0%
Pre-tax profit	113.6	124.8	-	104.0	120.9	-	-8%	-3%	0%
Net profit	88.3	97.4	-	78.8	92.5	-	-11%	-5%	0%
EPS (sen)	23.1	25.4	-	20.6	24.2	-	-11%	-5%	0%

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 4: Sector comparison (as at 25 Feb 2021)**

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 (%)		EV/EBITDA (x)		Dividend Yield (%)	
						CY20F	CY21F		CY20F	CY21F	CY20F	CY21F	CY20F	CY21F	CY20F	CY21F
Daibochi Bhd	DPP MK	Add	2.53	4.04	205	11.2	9.1	23.1%	3.10	2.72	22.2%	21.6%	9.8	9.0	2.0%	2.2%
Thong Guan Industries	TGI MK	Add	2.27	3.43	214	11.4	11.0	-10.3%	1.34	1.24	11.9%	11.7%	6.1	6.3	2.5%	2.7%
Tomyapak Holdings	TOMY MK	Hold	0.71	0.73	76	54.2	24.2	na	1.59	1.49	3.0%	6.4%	13.9	10.6	0.0%	0.0%

SOURCES: CGS-CIMB RESEARCH ESTIMATES, BLOOMBERG, COMPANY REPORTS

**BY THE NUMBERS**

**Profit & Loss**

(RMm)	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
<b>Total Net Revenues</b>	<b>935.1</b>	<b>960.6</b>	<b>1,056.6</b>	<b>1,215.1</b>	<b>1,318.4</b>
<b>Gross Profit</b>	<b>266.0</b>	<b>293.2</b>	<b>317.0</b>	<b>365.8</b>	<b>404.2</b>
<b>Operating EBITDA</b>	<b>98.8</b>	<b>126.3</b>	<b>132.1</b>	<b>153.5</b>	<b>175.6</b>
Depreciation And Amortisation	(23.1)	(27.4)	(30.1)	(34.6)	(39.8)
<b>Operating EBIT</b>	<b>75.7</b>	<b>98.9</b>	<b>102.0</b>	<b>118.9</b>	<b>135.8</b>
Financial Income/(Expense)	1.0	1.0	1.0	1.0	1.0
Pretax Income/(Loss) from Assoc.	0.5	1.0	1.0	1.0	1.0
Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0	0.0
<b>Profit Before Tax (pre-EI)</b>	<b>77.2</b>	<b>100.9</b>	<b>104.0</b>	<b>120.9</b>	<b>137.8</b>
Exceptional Items	0.0	0.0	0.0	0.0	0.0
<b>Pre-tax Profit</b>	<b>77.2</b>	<b>100.9</b>	<b>104.0</b>	<b>120.9</b>	<b>137.8</b>
Taxation	(12.0)	(19.6)	(20.9)	(24.3)	(27.7)
Exceptional Income - post-tax	0.0	0.0	0.0	0.0	0.0
<b>Profit After Tax</b>	<b>65.2</b>	<b>81.3</b>	<b>83.1</b>	<b>96.6</b>	<b>110.1</b>
Minority Interests	(2.0)	(5.0)	(4.2)	(4.1)	(4.0)
Preferred Dividends	0.0	0.0	0.0	0.0	0.0
FX Gain/(Loss) - post tax	0.0	0.0	0.0	0.0	0.0
Other Adjustments - post-tax	0.0	0.0	0.0	0.0	0.0
<b>Net Profit</b>	<b>63.2</b>	<b>76.3</b>	<b>78.8</b>	<b>92.5</b>	<b>106.1</b>
Recurring Net Profit	63.2	76.3	78.8	92.5	106.1
<b>Fully Diluted Recurring Net Profit</b>	<b>63.2</b>	<b>76.3</b>	<b>78.8</b>	<b>92.5</b>	<b>106.1</b>

**Cash Flow**

(RMm)	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
<b>EBITDA</b>	<b>98.77</b>	<b>126.30</b>	<b>132.07</b>	<b>153.49</b>	<b>175.60</b>
Cash Flow from Inv. & Assoc.	0.00	0.00	0.00	0.00	0.00
Change In Working Capital	(6.39)	10.18	(47.98)	(42.79)	(27.89)
(Incr)/Decr in Total Provisions	0.00	0.00	0.00	0.00	0.00
Other Non-Cash (Income)/Expense	0.00	0.00	0.00	0.00	0.00
Other Operating Cashflow	0.00	0.00	0.00	0.00	0.00
Net Interest (Paid)/Received	0.00	0.00	0.00	0.00	0.00
Tax Paid	(12.05)	(19.65)	(20.92)	(24.30)	(27.69)
<b>Cashflow From Operations</b>	<b>80.34</b>	<b>116.83</b>	<b>63.16</b>	<b>86.39</b>	<b>120.02</b>
Capex	(40.00)	(40.00)	(40.00)	(40.00)	(40.00)
Disposals Of FAs/subsidiaries	0.00	0.00	0.00	0.00	0.00
Acq. Of Subsidiaries/investments	0.00	0.00	0.00	0.00	0.00
Other Investing Cashflow	0.00	0.00	0.00	(38.05)	(38.05)
<b>Cash Flow From Investing</b>	<b>(40.00)</b>	<b>(40.00)</b>	<b>(40.00)</b>	<b>(78.05)</b>	<b>(78.05)</b>
Debt Raised/(repaid)	0.00	0.00	0.00	0.00	0.00
Proceeds From Issue Of Shares	0.00	0.00	0.00	0.00	0.00
Shares Repurchased	0.00	0.00	0.00	0.00	0.00
Dividends Paid	(18.57)	(22.66)	(23.83)	(27.94)	(32.03)
Preferred Dividends	0.00	0.00	0.00	0.00	0.00
Other Financing Cashflow	0.00	0.00	0.00	0.00	0.00
<b>Cash Flow From Financing</b>	<b>(18.57)</b>	<b>(22.66)</b>	<b>(23.83)</b>	<b>(27.94)</b>	<b>(32.03)</b>
Total Cash Generated	21.77	54.18	(0.67)	(19.60)	9.95
<b>Free Cashflow To Equity</b>	<b>40.34</b>	<b>76.83</b>	<b>23.16</b>	<b>8.34</b>	<b>41.97</b>
<b>Free Cashflow To Firm</b>	<b>40.34</b>	<b>76.83</b>	<b>23.16</b>	<b>8.34</b>	<b>41.97</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	228.2	293.9	211.0	205.0	205.0
Total Debtors	172.3	194.7	211.3	243.0	263.7
Inventories	186.4	210.4	211.3	243.0	263.7
Total Other Current Assets	0.7	0.7	6.2	6.2	6.2
<b>Total Current Assets</b>	<b>587.6</b>	<b>699.6</b>	<b>639.9</b>	<b>697.3</b>	<b>738.6</b>
Fixed Assets	261.4	295.4	305.3	348.7	387.0
Total Investments	0.0	0.0	0.0	0.0	0.0
Intangible Assets	0.0	0.0	0.0	0.0	0.0
Total Other Non-Current Assets	10.5	9.0	79.9	105.4	105.4
<b>Total Non-current Assets</b>	<b>271.9</b>	<b>304.4</b>	<b>385.1</b>	<b>454.1</b>	<b>492.4</b>
Short-term Debt	91.7	88.2	88.3	88.3	88.3
Current Portion of Long-Term Debt	0.0	0.0	0.0	0.0	0.0
Total Creditors	111.2	167.8	137.4	158.0	171.4
Other Current Liabilities	2.3	3.0	0.5	0.5	0.5
<b>Total Current Liabilities</b>	<b>205.2</b>	<b>259.0</b>	<b>226.2</b>	<b>246.8</b>	<b>260.2</b>
Total Long-term Debt	49.0	58.3	58.3	58.3	58.3
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	9.8	17.3	11.3	50.0	40.0
<b>Total Non-current Liabilities</b>	<b>58.7</b>	<b>75.6</b>	<b>69.6</b>	<b>108.3</b>	<b>98.3</b>
Total Provisions	0.0	0.0	0.0	0.0	0.0
<b>Total Liabilities</b>	<b>263.9</b>	<b>334.6</b>	<b>295.8</b>	<b>355.1</b>	<b>358.5</b>
Shareholders' Equity	577.6	646.4	702.0	767.2	841.9
Minority Interests	18.0	23.0	27.2	31.3	35.3
<b>Total Equity</b>	<b>595.5</b>	<b>669.4</b>	<b>729.2</b>	<b>798.5</b>	<b>877.2</b>

**Key Ratios**

	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
Revenue Growth	8.5%	2.7%	10.0%	15.0%	8.5%
Operating EBITDA Growth	36.1%	27.9%	4.6%	16.2%	14.4%
Operating EBITDA Margin	10.6%	13.1%	12.5%	12.6%	13.3%
Net Cash Per Share (RM)	0.48	0.38	0.17	0.15	0.15
BVPS (RM)	3.14	1.69	1.83	2.00	2.20
Gross Interest Cover	N/A	N/A	N/A	N/A	N/A
Effective Tax Rate	15.6%	19.5%	20.1%	20.1%	20.1%
Net Dividend Payout Ratio	24.7%	23.6%	23.9%	23.9%	23.9%
Accounts Receivables Days	66.98	69.92	70.13	68.24	70.14
Inventory Days	97.8	108.8	104.0	97.6	101.1
Accounts Payables Days	58.12	76.49	75.29	63.46	65.75
ROIC (%)	16.2%	19.1%	18.9%	17.6%	17.2%
ROCE (%)	11.2%	12.9%	12.2%	13.2%	13.9%
Return On Average Assets	9.5%	10.7%	10.2%	11.0%	11.5%

**Key Drivers**

	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
Plastic packaging products growth	N/A	0.0	0.1	0.2	0.1
Food, beverages, and other consumable products gro	N/A	0.2	(0.1)	(0.0)	0.1

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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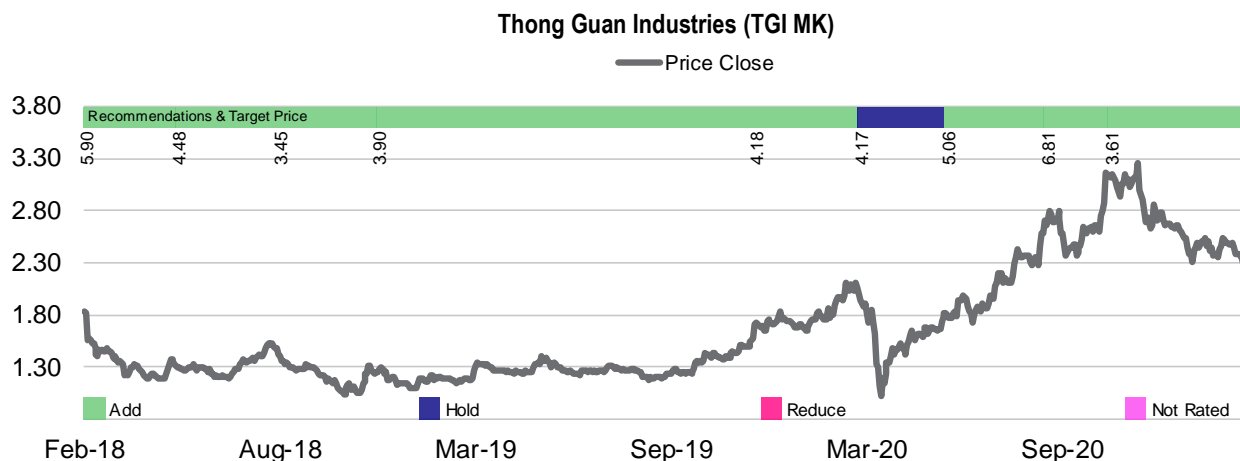
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Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2020		
688 companies under coverage for quarter ended on 31 December 2020		
	Rating Distribution (%)	Investment Banking clients (%)
Add	67.0%	0.9%
Hold	21.7%	0.0%
Reduce	11.3%	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 2020, Anti-Corruption 2020**

**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, **AU** – Good, n/a, **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, **BEM** – Excellent, n/a, **BGRIM** – Very Good, Certified, **BH** – Good, n/a, **BJC** – Very Good, n/a, **BJCHI** – Very Good, Certified, **BLA** – Very Good, Certified, **BPP** – Very Good, Certified, **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, n/a, **CK** – Excellent, n/a, **COL** – Excellent, Certified, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** – Excellent, Certified, **CPNREIT** – not available, n/a, **CRC** – not available, n/a, **DELTA** – Excellent, Certified, **DEMCO** – Excellent, Certified, **DDD** – Very Good, Declared, **DIF** – not available, n/a, **DOHOME** – not available, n/a, **DREIT** – not available, n/a, **DTAC** – Excellent, Certified, **EA** – Excellent, Declared, **ECL** – Very Good, Certified, **EGCO** – Excellent, Certified, **EPG** – Very Good, n/a, **ERW** – Very Good, Declared, **GFPT** – Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Very Good, n/a, **GPSC** – Excellent, Certified, **GULF** – Very Good, n/a, **GUNKUL** – Excellent, Certified, **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** – not available, n/a, **JKN** – Excellent, Declared, **KBANK** – Excellent, Certified, **KCE** – Excellent, Certified, **KEX** – not available, 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, **MACO** – Very Good, n/a, **MAJOR** – Very Good, Declared, **MAKRO** – Excellent, Certified, **MALEE** – Excellent, Certified, **MC** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** – Excellent, Certified, **MTC** – Excellent, Certified, **NETBAY** – Very Good, n/a, **NRF** – not available, n/a, **OSP** – Very Good, n/a, **PLANB** – Excellent, Certified, **PLAT** – Very Good, Certified, **PRINC** – Very Good, Certified, **PR9** – Excellent, n/a, **PSH** – Excellent, Certified, **PSTC** – Very Good, Certified, **PTT** – Excellent, Certified, **PTTEP** – Excellent, Certified, **PTTGC** – Excellent, Certified, **PTTOR** – not available, n/a, **QH** – Excellent, Certified, **RATCH** – Excellent, Certified, **RBF** – not available, n/a, **RS** – Excellent, n/a, **RSP** – not available, n/a, **S** – Excellent, n/a, **SAK** – not available, n/a, **SAPPE** – Very Good, Declared, **SAT** – Excellent, Certified, **SAWAD** – Very Good, n/a, **SC** – Excellent, Certified, **SCB** – Excellent, Certified, **SCC** – Excellent, Certified, **SCGP** – not available, n/a, **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, **SSP** – Good, Declared, **STA** – Very Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **TASCO** – Excellent, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **THCOM** – 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** – not available, n/a, **TRUE** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Certified, **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 2020 from Thai Institute of Directors Association (IOD)

2 AGM Level 2019 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 June 24, 2019) 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 2019" 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)

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**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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