

India

HOLD (no change)

Consensus ratings*: Buy 27 Hold 3 Sell 1

Current price:	Rs758
Target price:	Rs831 ▲
Previous target:	Rs578
Up/downside:	9.6%
InCred Research / Consensus:	-8.8%
Reuters:	UPLL.NS
Bloomberg:	UPLL IN
Market cap:	US\$7,878m
	Rs578,985m
Average daily turnover:	US\$59.3m
	Rs4359.8m
Current shares o/s:	765.0m
Free float:	72.2%

*Source: Bloomberg

Key changes in this note

- FY22F EPS increase by 12%
- FY23F EPS increase by 16%



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(2.6)	(10.4)	53.3
Relative (%)	(8.9)	(19.6)	2.1

Major shareholders	% Held
Promoter & Group	27.9
Life Ins. Corp. of India	8.2
Government Pension Fund Global	3.7

Analyst(s)



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UPL Limited

Increasing TP, Retain HOLD

- We are recalibrating our FY22F and FY23F EPS by 12% and 16% to Rs41.4 and Rs45.4, respectively. We also introduce FY24F EPS at Rs53.5.
- In the near to medium term, risks are emerging to sales from NAFTA and LATAM regions. On the positive side, India and ROW continue to do well.
- We have valued UPL at 16.8X one-year forward EPS to arrive at our TP of Rs831. Retain HOLD.

Risk-reward ratio balanced

We estimate revenue growth in India, Europe, and rest of world (ROW) to remain at 10.5% CAGR over FY22-24F. Our estimates on revenue growth in North America stands at 10.4% and in LATAM (Latin America) at 10% CAGR over FY22-24F. While revenue growth in India (12% CAGR over FY22-24F) has a high degree of certainty, the risks to our estimates are high in LATAM and NAFTA regions. UPL depends heavily on glufosinate ammonium in NAFTA and Mancozeb in LATAM, but while the former is facing competitive pressure, the latter can face competition from new products produced by Bayer. While Bayer, Syngenta and Corteva have launched competing products for mancozeb in Brazilian market, the jury is still not out on the success of the same. We have not factored in any decline in mancozeb sales because of the launch of a competing product. In NAFTA region, glufosinate ammonium prices are volatile. While glufosinate faces tailwinds from the ban on dicamba and resistance developing to glyphosate, Bayer has an overall intrinsic advantage in herbicides over other generic players. Bayer can sell herbicide-resistant seed and herbicide at a bundled price which is unlikely to be matched by generic sellers like UPL. The risk-reward ratio is balanced overall.

We value UPL at 16.8X one-year forward EPS, TP Rs831, retain HOLD

Last 8 years' average trading multiple for UPL has been at 16.8X one-year forward EPS. While the risks to revenue and earnings are emanating from LATAM as well as NAFTA regions, chemical stocks in general, on the other hand, are trading at extremely high valuations. Hence, we have recalibrated our target multiple from 15X to 16.8X. In general, we don't find any logical reason for the extremely high multiples of chemical stocks (on an average they are trading at 35X one-year forward EPS). We roll forward our TP on UPL to Sep-23F earnings. Maintain HOLD on the stock with an increased TP of Rs831/share.

Earnings risk on the downside and high PE risk on the upside

We have identified the risks to our earnings estimates which emanate from competitive pressures in LATAM and NAFTA regions. On the positive side, market can re-rate UPL as it is still one of the cheaper chemical stocks.

Financial Summary

	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Revenue (Rsm)	357,600	386,940	429,984	470,729	523,135
Operating EBITDA (Rsm)	70,980	86,390	90,313	96,304	107,534
Net Profit (Rsm)	17,760	29,130	31,678	34,761	40,907
EPS (Rs)	23.2	38.1	41.4	45.4	53.5
EPS Growth	19.1%	64.0%	8.7%	9.7%	17.7%
FD Core P/E (x)	23.12	15.82	15.89	14.66	12.68
DPS (Rs)	6.0	10.0	10.9	11.9	14.0
Dividend Yield	0.79%	1.32%	1.43%	1.57%	1.85%
EV/EBITDA (x)	12.16	9.68	9.16	8.31	7.15
P/FCFE (x)	17.97	95.05	41.41	10.14	8.93
Net Gearing	97.6%	77.0%	60.8%	42.3%	25.9%
P/BV (x)	3.01	2.78	2.42	2.12	1.85
ROE	16.2%	21.4%	18.8%	17.4%	17.3%
% Change In EPS Estimates			12.22%	16.21%	
InCred Research/Consensus EPS (x)			0.91	0.84	0.84

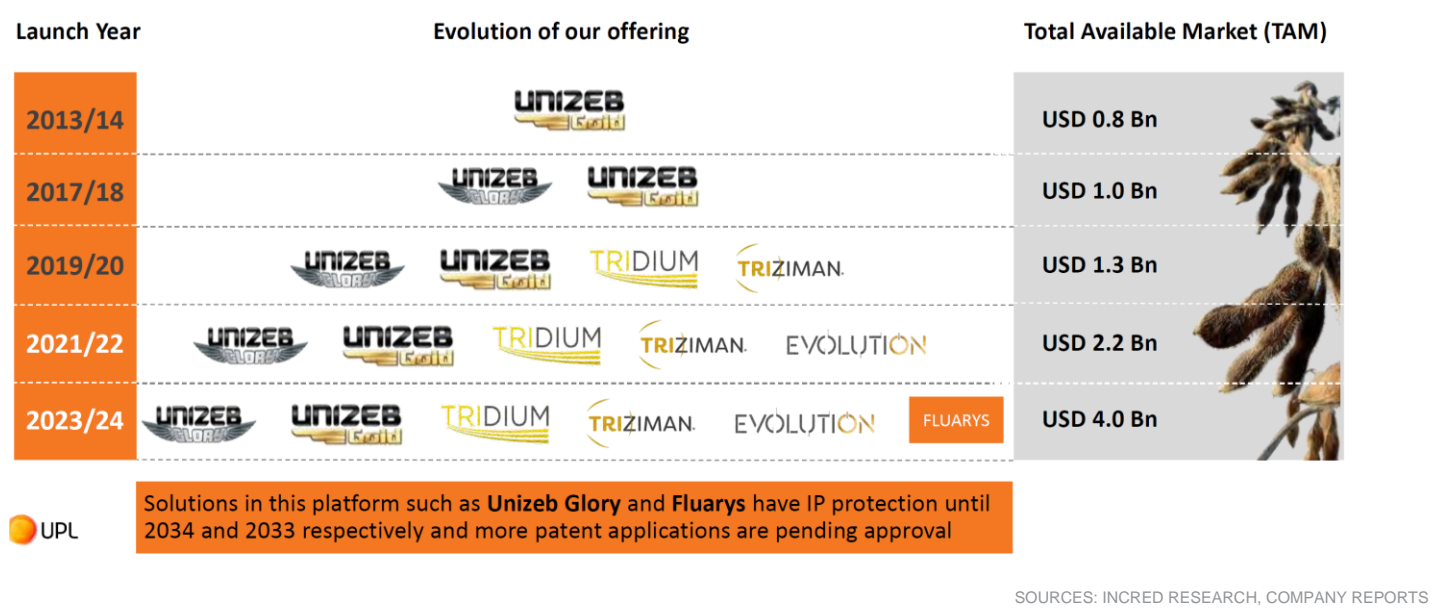
SOURCES: INCRED RESEARCH, COMPANY REPORTS

Increasing TP, Retain HOLD

Latin America: Soybean remains key

Latin America contributes approximately 38% to overall revenues and in this market, soybean remains key. In Latin America, Brazil remains key for UPL. Mancozeb is the main product of UPL in Brazilian market and over the years, the company has launched multiple mixtures of mancozeb.

Figure 1: The chart, taken from UPL Capital Market Day presentation, gives details of the company's offering for soyabean in Brazil market



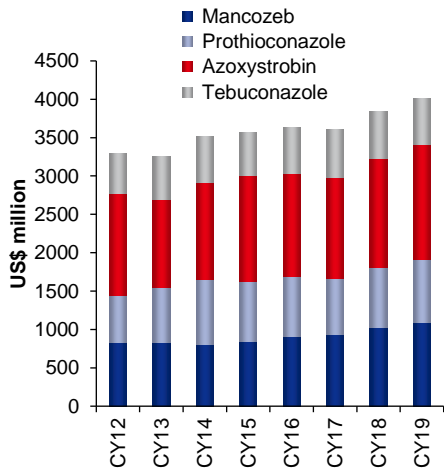
UPL relies heavily on mancozeb for soybean fungicide ➤

Most of the fungicides developed by UPL depend solely on mancozeb as the base product.

- Unizeb Glory- mancozeb + azoxystrobin
- Unizeb Gold- UNIZEB GOLD is a liquid mancozeb formulation
- Tridium- mancozeb + tebuconazole+ azoxystrobin
- Triziman- High concentration of mancozeb (80% weight/weight)
- Evolution- mancozeb+ azoxystrobin+ prothioconazole

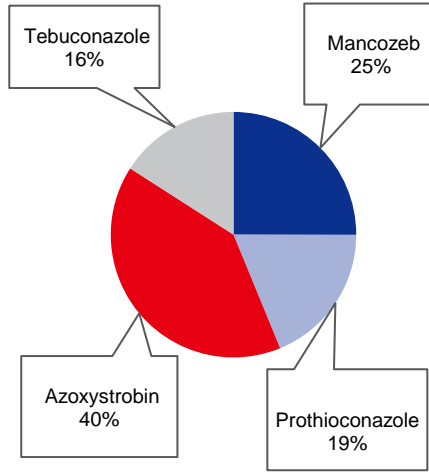
The base chemicals sold by UPL for soybean has seen a 2.8% CAGR over CY12-19 ➤

Figure 2: Combined sales of four fungicides have shown a 2.8% CAGR over CY12-19



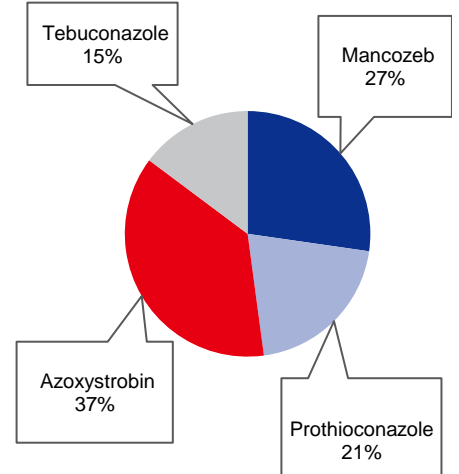
SOURCES: INCRED RESEARCH, IHSMARKIT

Figure 3: Azoxystrobin was the main fungicide in CY12



SOURCES: INCRED RESEARCH, IHSMARKIT

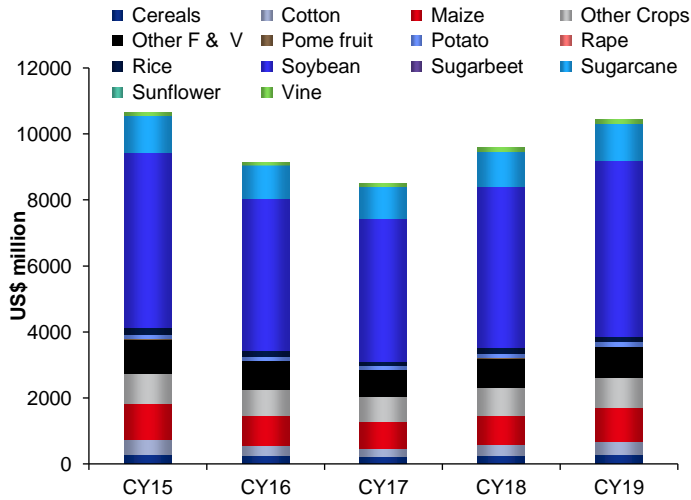
Figure 4: However, in CY19 it lost some its market share to mancozeb and prothioconazole



SOURCES: INCRED RESEARCH, IHSMARKIT

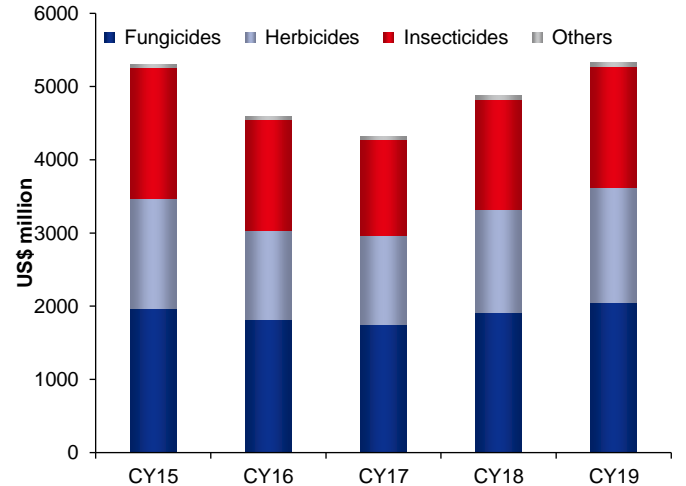
In Brazil, soybean is main for agrochemicals business and fungicides are principal agrochemicals for the crop ➤

Figure 5: Soybean has been the principal agrochemical consuming-crop in Brazil



SOURCES: INCRED RESEARCH, IHSMARKIT

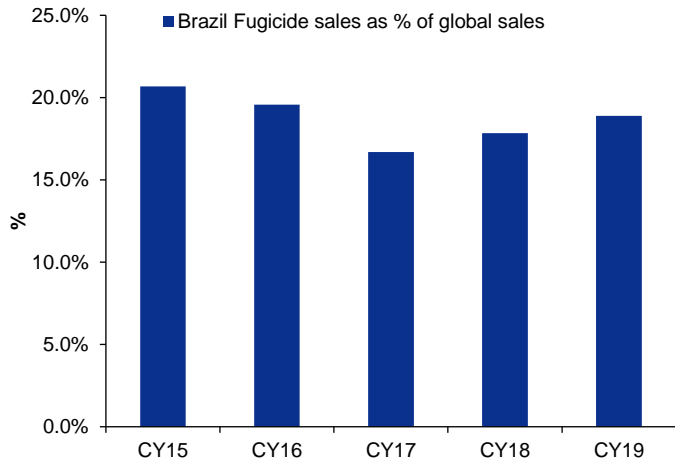
Figure 6: Within soybean as well, fungicides are major agrochemicals



SOURCES: INCRED RESEARCH, IHSMARKIT

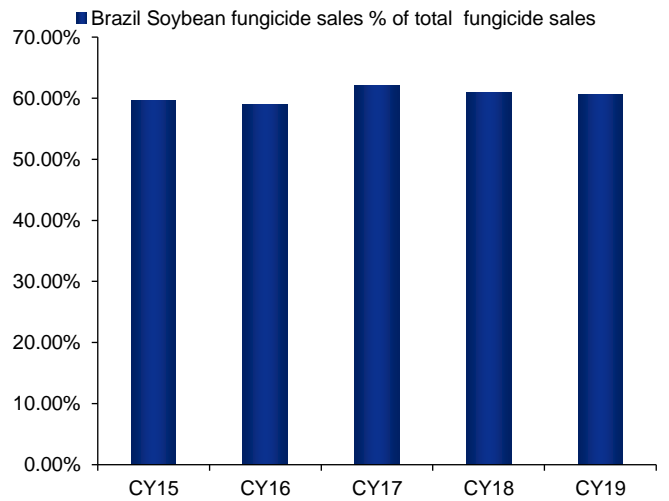
Brazilian soybean season is most critical for global fungicide makers and UPL is no exception ➤

Figure 7: Brazil is one of the most important markets for global fungicide sales



SOURCES: INCRED RESEARCH, IHSMARKIT

Figure 8: Within Brazil, soybean is most important product



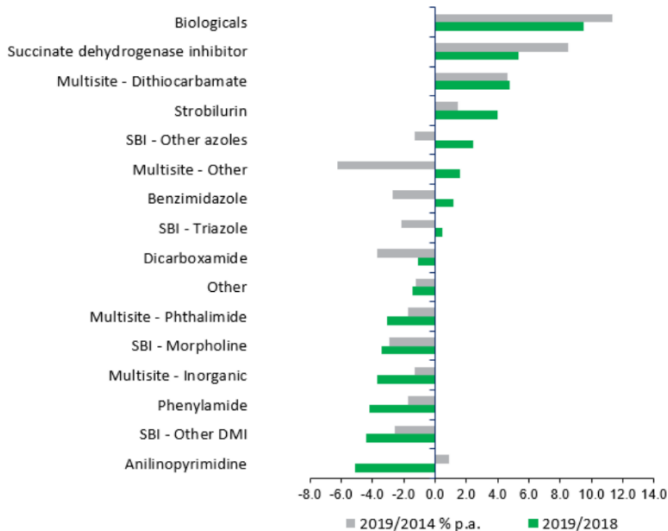
SOURCES: INCRED RESEARCH, IHSMARKIT

Any new soybean fungicide in Brazil market is a threat to mancozeb and thereby to UPL as well ➤

UPL has been nimble in the past and has developed multiple formulations of mancozeb which utilize newer products in smaller quantities. The company has developed multiple formulations with azoxystrobin, prothioconazole and old molecules like tebuconazole.

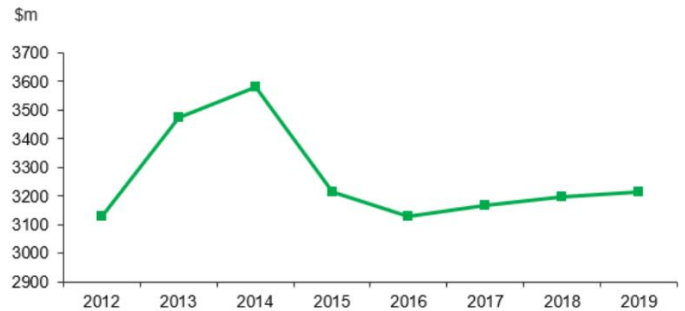
In effect, UPL is relying more on SBI-triazoles which are any way getting phased out globally ➤

Figure 9: Succinate dehydrogenase inhibitors and biologicals are fastest-growing fungicides



SOURCES: INCRED RESEARCH, IHSMARKIT

Figure 10: SBI- triazoles sales are declining - their sales peaked way back in CY14



SOURCES: INCRED RESEARCH, IHSMARKIT

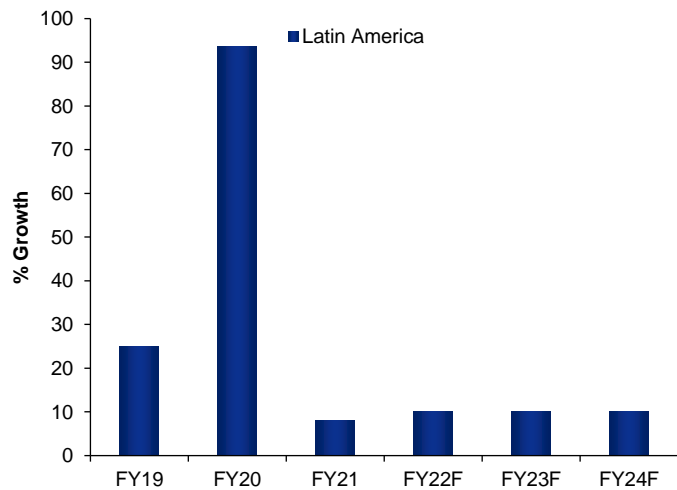
This year multiple new fungicides are being launched in soybean market, and they will be competitive, to say the least ➤

- Bayer is launching its fluopyram-based nematicide, Verango Prime, in Brazil.
- Syngenta has added two novel fungicides: Mitrion (benzovindiflupyr + prothioconazole) and Alade (benzovindiflupyr + cyproconazole + difenoconazole)
- Corteva Agriscience is strengthening its portfolio for soybean culture with the launch of fungicides, Viovan and Aproach Power. Viovan is made from - cyhalofop-butyl and penoxsulam, while Aproach Power contains onmira active and cyproconazole.

While time alone will tell whether these fungicides are more potent than mancozeb or not, we all know about the toxicity of mancozeb and SBI-triazoles.

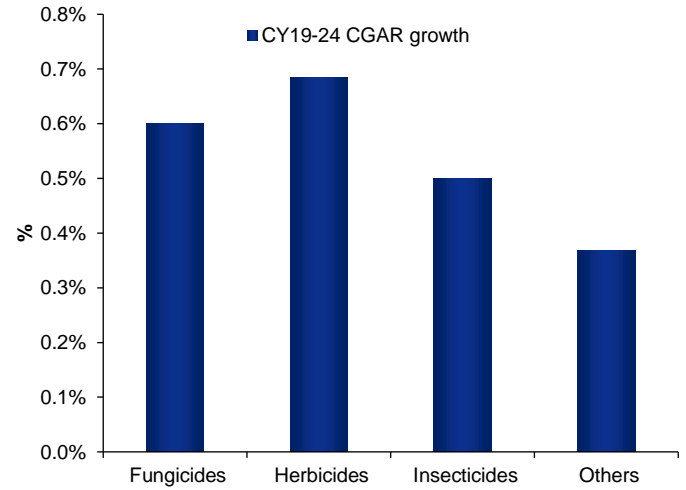
While the jury is still not out, it is unlikely that UPL can grow more than early 10-12% in FY22F ➤

Figure 11: We expect UPL's revenue growth in Latin America to fall to early double-digits in FY22-24F



SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 12: IHSMARKIT echoes our estimates as it expects LATAM fungicide sales to be anemic at 0.6% CAGR over CY19-24F

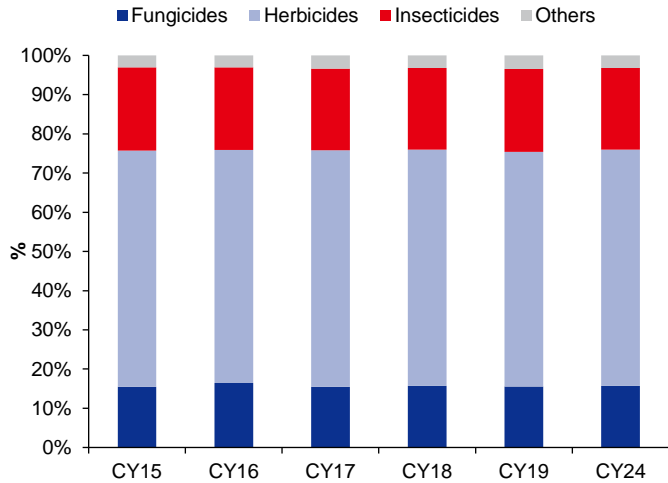


SOURCES: IHSMARKIT

North America Free Trade Agreement (NAFTA): US is key market

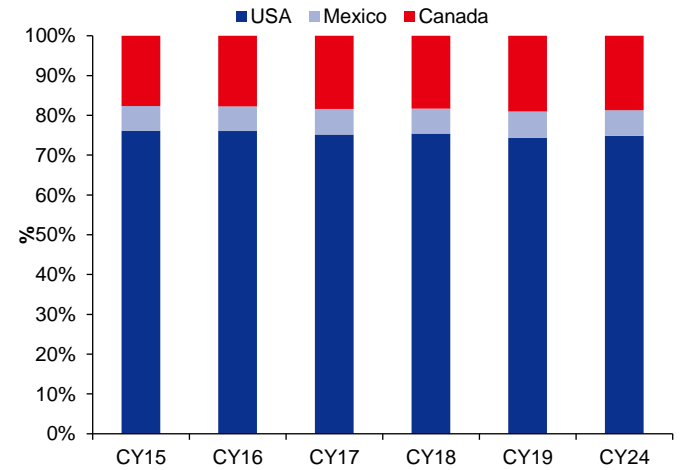
The US is key market for agrochemicals in North America. It is also one of the best markets for GM seeds.

Figure 13: NAFTA is a major market for herbicides



SOURCES: INCRED RESEARCH, IHSMARKIT

Figure 14: Within North America, US is key market for all agrochemical companies

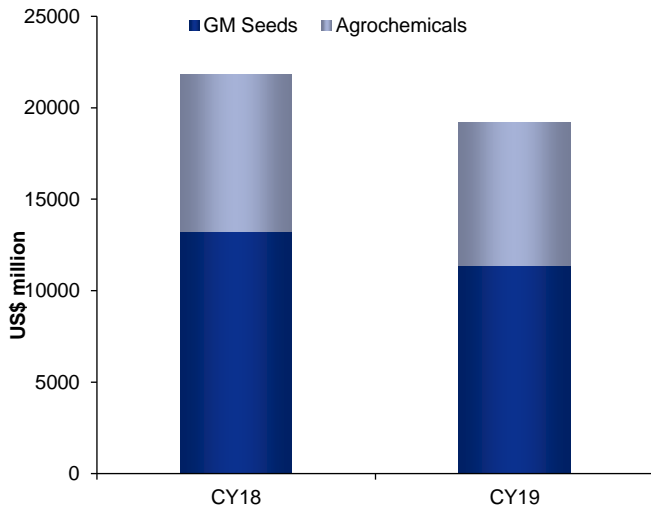


SOURCES: INCRED RESEARCH, IHSMARKIT

The US is key market for herbicides >

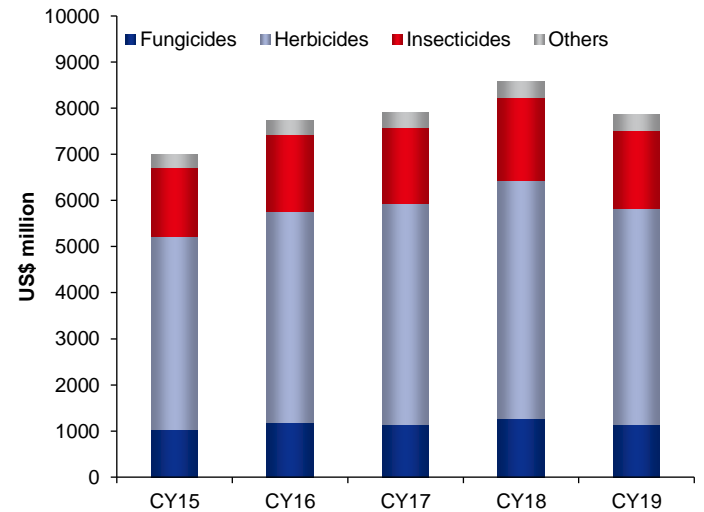
The US is key market for herbicides as well and almost all agrochemical companies are present in a big way in this market.

Figure 15: The US is primarily a GM seed market



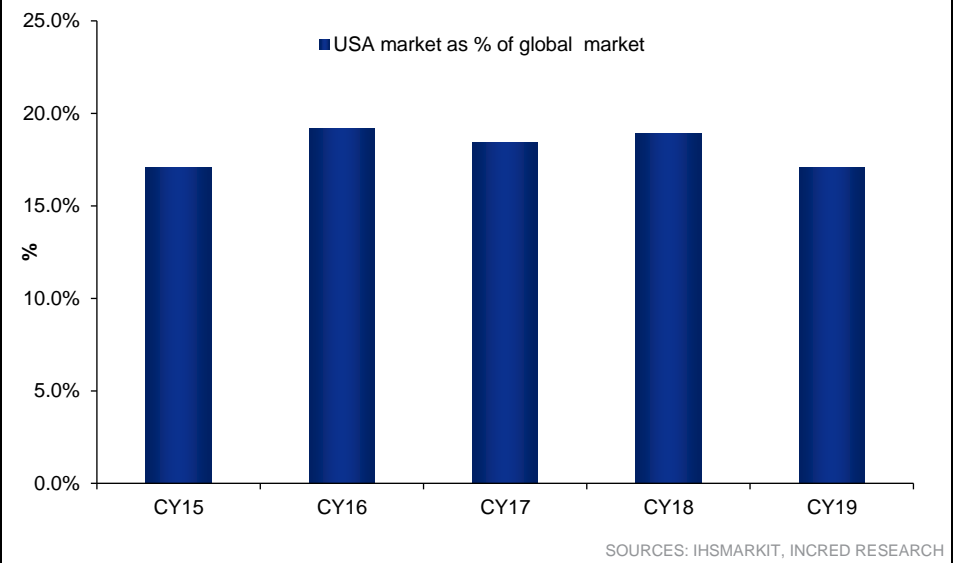
SOURCES: INCRED RESEARCH, IHSMARKIT

Figure 16: Among agrochemicals, herbicides have the largest market share



SOURCES: INCRED RESEARCH, IHSMARKIT

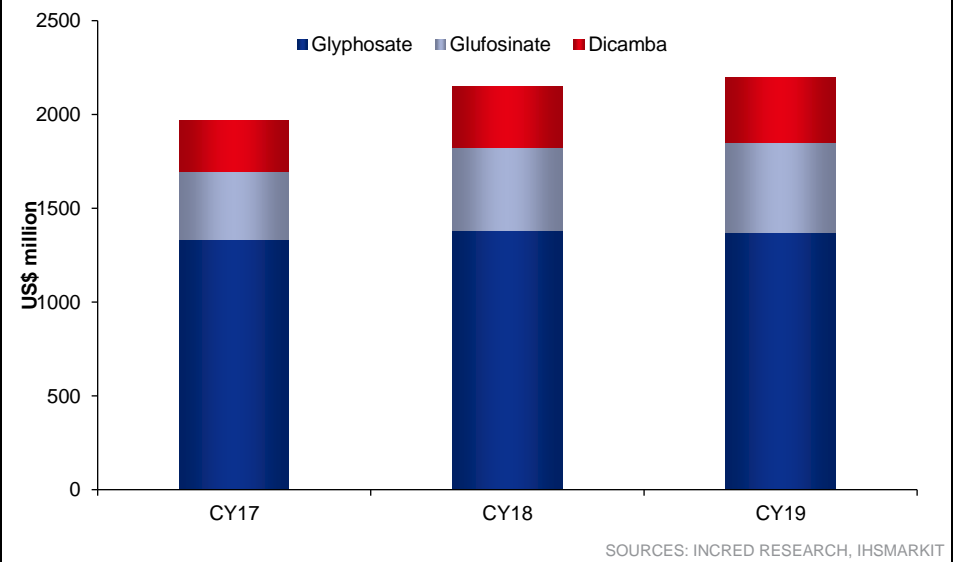
Figure 17: The US market has remained consistently ~17-18% of global herbicide market



For UPL, the US is important market vis-à-vis glufosinate ammonium ➤

The US has become an important market for UPL vis-à-vis glufosinate ammonium, more so after the recent ban on dicamba and increased resistance to glyphosate from weeds. The market for glyphosate and dicamba will be taken over by glufosinate ammonium.

Figure 18: Glyphosate and dicamba are facing a ban on their usage in the US, which will impact overall sales in North America



UPL can ride on Bayer’s glufosinate-resistant seeds for the sale of glufosinate ammonium ➤

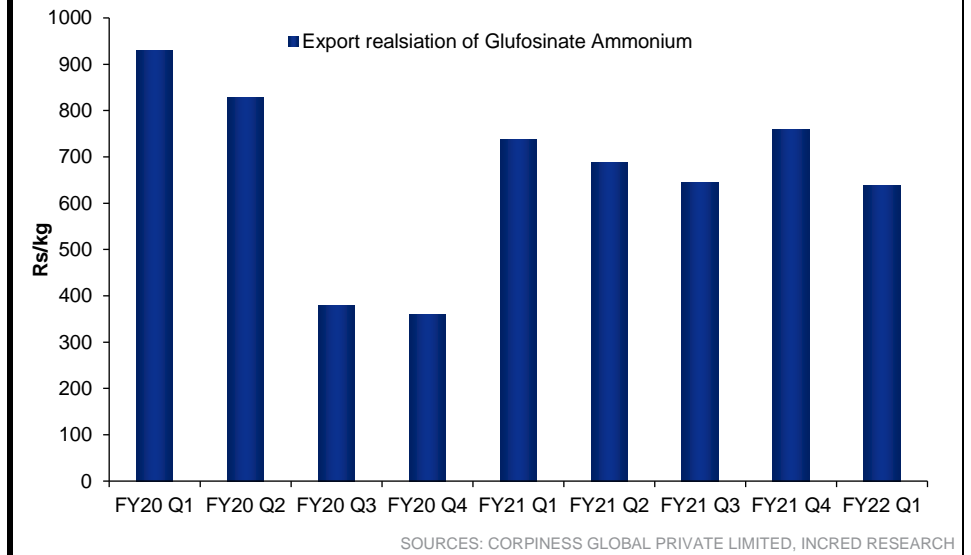
The key for selling any herbicide is the availability of herbicide-resistant seeds, as otherwise herbicide will kill the weed as well as the plant. So, in a sense there is high dependence on Bayer (which acquired Monsanto and hence has quite formidable capacity in seeds) for sale of glufosinate ammonium.

Over last few quarters the sale price of glufosinate ammonium has been coming down ➤

It’s too early to ascertain whether the current volatility is because of the random variation in prices, or it has any structural pattern in it. Logically, one should see

the combined prices of glufosinate-resistant seed and glufosinate ammonium. Hence, to subdue competition, one can mark down the prices of glufosinate ammonium and can increase the prices of resistant seeds. For farmers, it won't have any impact, but for Bayer it's a win-win situation.

Figure 19: Over the last few quarters, export prices of glufosinate ammonium have been coming down for UPL

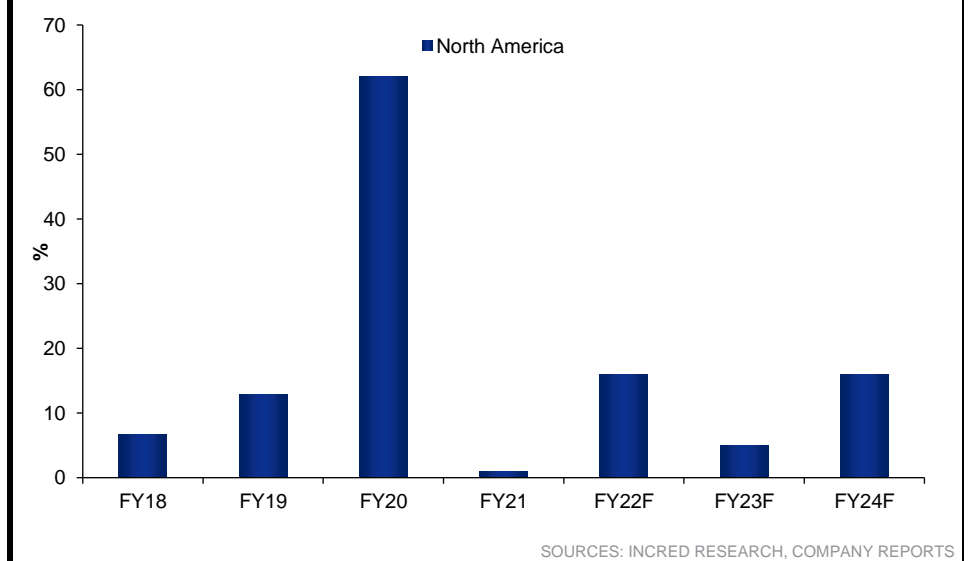


Competition in NAFTA will not remain limited to glufosinate, but will spread to other herbicides as well ➤

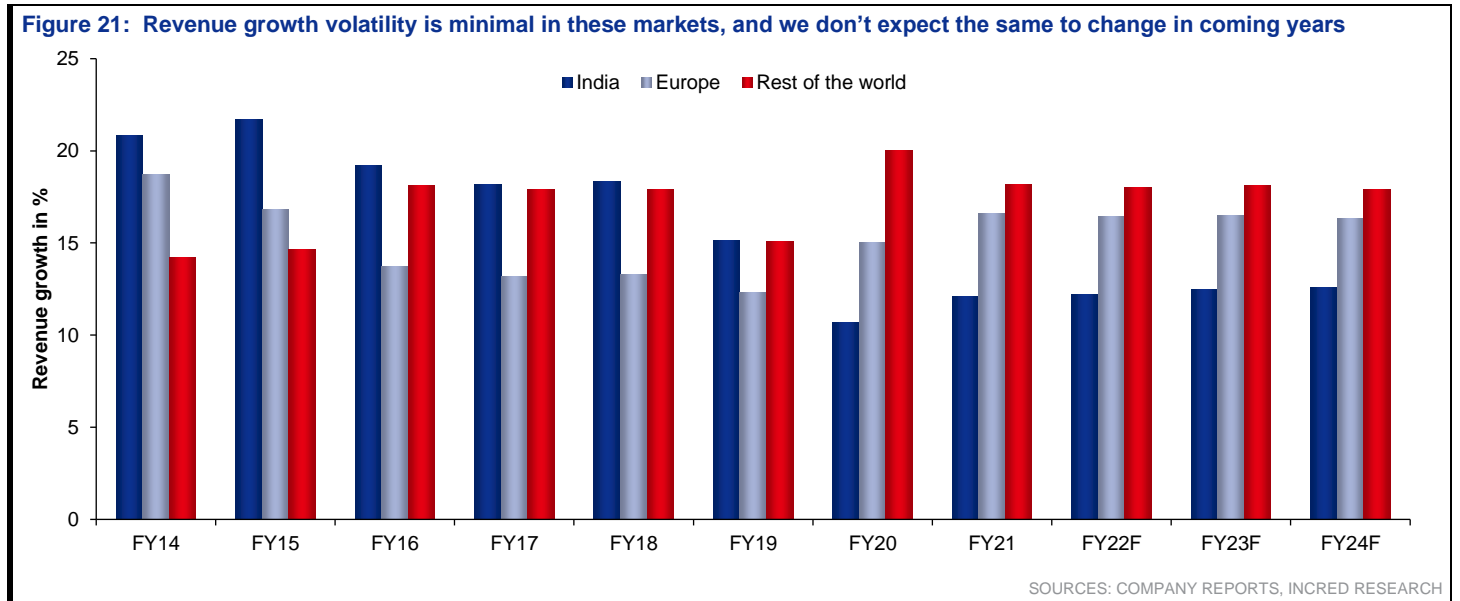
In our view, glufosinate is only representing the systemic problems faced by generic manufacturers in developed markets. With GM seeds being allowed in those markets, what is key for any generic seller is to have access to herbicide-resistant seeds and there lies their vulnerability. In our view, generic sellers like UPL will continue to face headwinds in coming quarters as well.

Overall revenue growth in NAFTA is unlikely to exceed single digit ➤

Figure 20: We expect North American sales growth to be around 16-17% in FY22F primarily because of a lower base, but it will fall in coming years



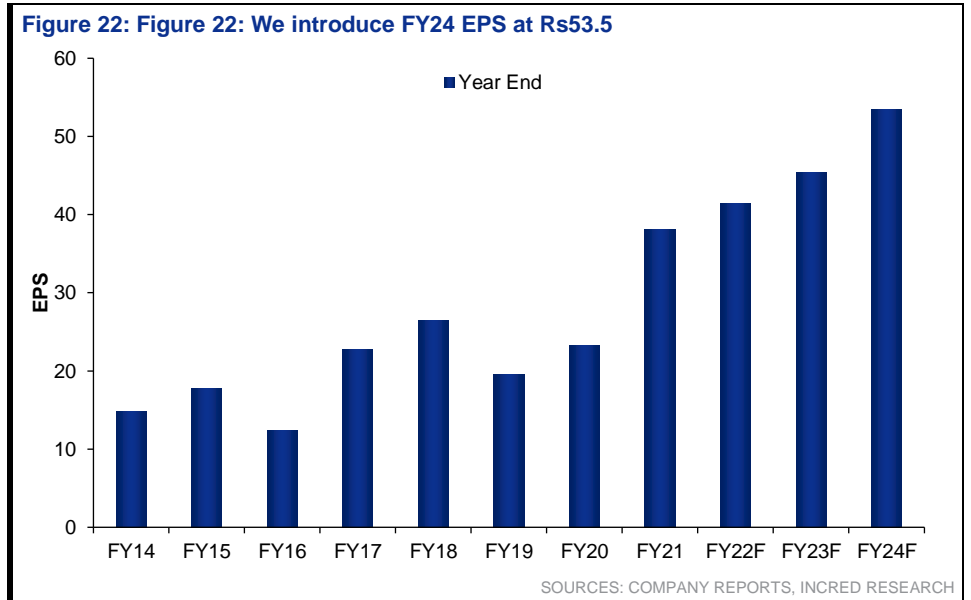
India, Europe and ROW: Steady markets, but don't expect anything extraordinary



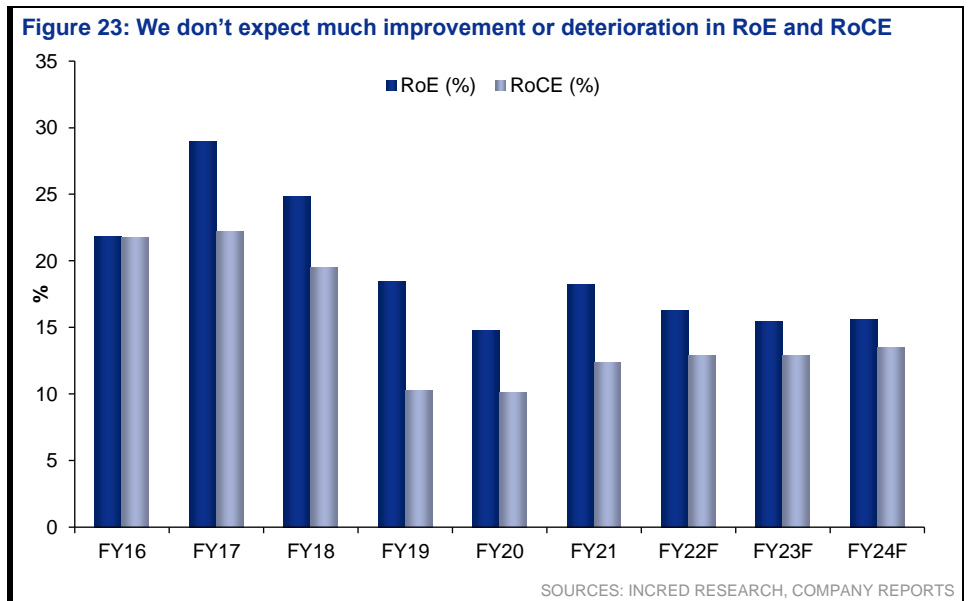
Earnings and valuation

We upgrade our FY22F/23F EPS estimates by 16% and 22%, respectively. We also introduce our FY24F EPS estimate at Rs53.5. We continue to value UPL at 16.8X one-year forward EPS to arrive at our TP of Rs 831/share. Maintain HOLD.

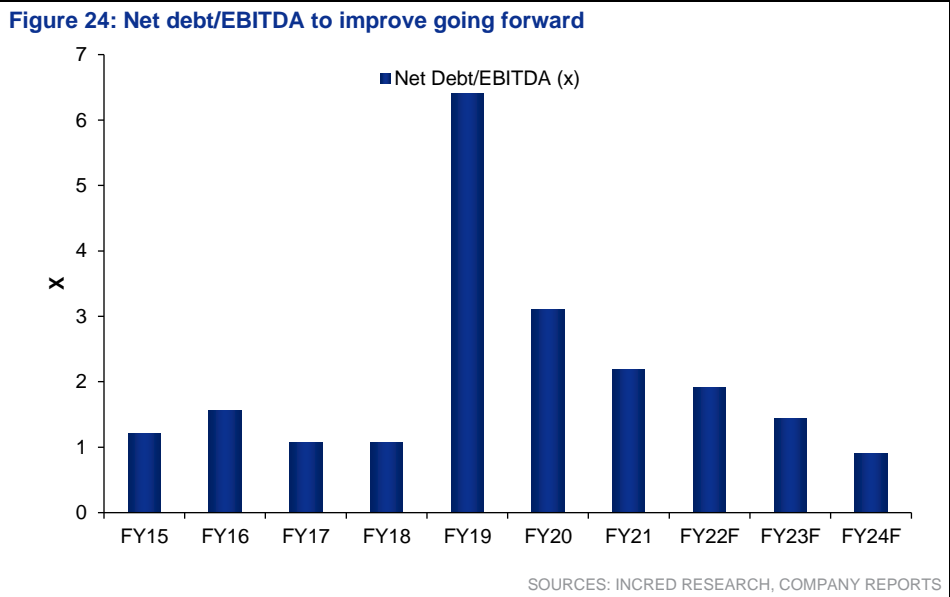
We introduce FY24F EPS at Rs53.5 ➤



RoE and RoCE to remain optimal at historical levels ➤



Net debt/ EBITDA to improve over the forecast period ➤



We value the stock at 16.8X Sep-23F EPS to arrive at our TP of Rs831/share ➤

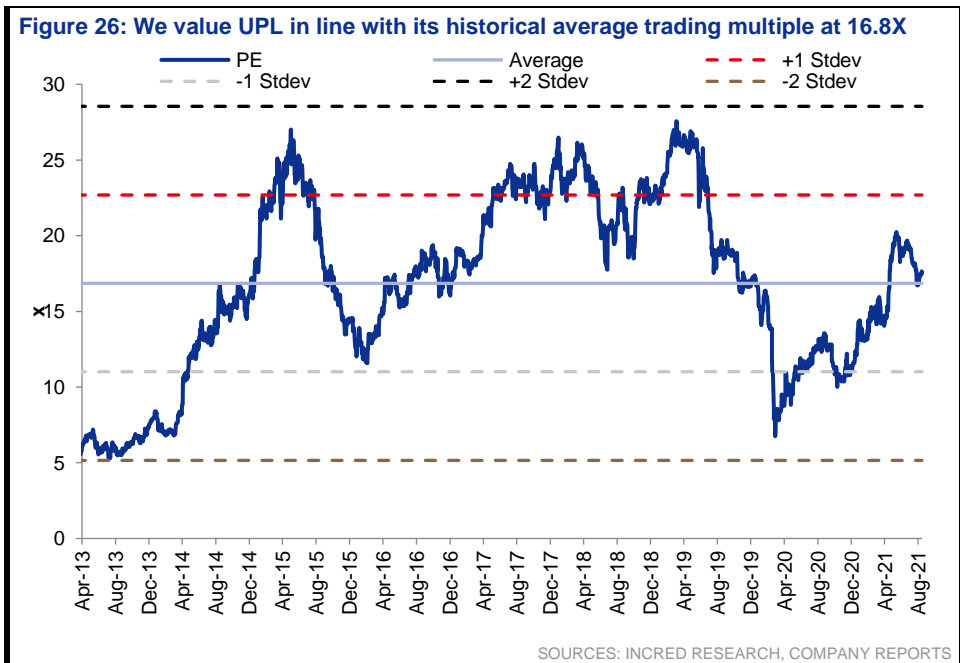
Figure 25: We value the stock at 15X one-year forward EPS to arrive at our TP of 831/share

Target Price Methodology

Item	Unit	Valuation
FY23E EPS	Rs/Share	45.4
FY24E EPS	Rs/Share	53.5
Sep-23 EPS	Rs/Share	49.5
P/E Multiple	x	16.8
Target Price	Rs/Share	831

SOURCES: INCRED RESEARCH, COMPANY REPORTS

Our valuation is in line with historical average ➤

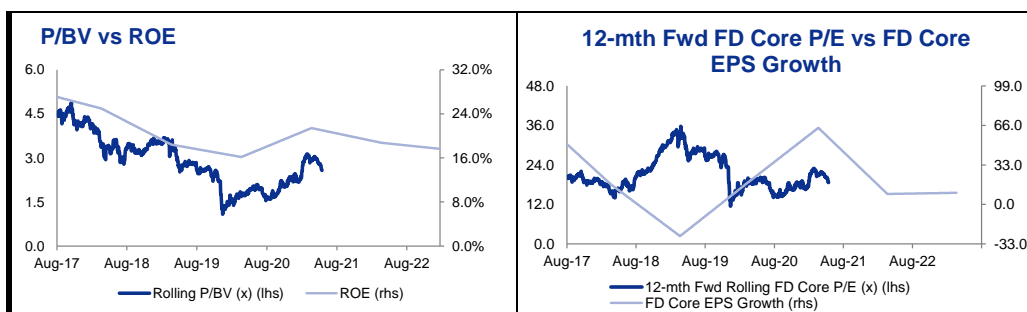


Peers are trading at an average PE multiple of 37.6X ➔

Figure 27: Peer Comparison

Company	Bloomberg Ticker	Closing Price (LC)	Target Price* (LC)	% Upside	Rating	Market cap (US\$ m)	EV/EBITDA (x)		P/BV (x)		RoE (%)		P/E (x)	
							CY22F	CY23F	CY22F	CY23F	CY22F	CY23F	CY22F	CY23F
Rallis India Ltd	RALI IN	292	355	22%	ADD	771	13.0	11.4	3.1	2.8	16.0	15.8	20.9	18.8
SRF Limited	SRF IN	10,329	8,481	-18%	HOLD	8,323	27.8	22.9	7.6	6.5	17.5	18.0	46.9	38.8
PI Industries Limited	PI IN	3,407	3,566	5%	ADD	7,030	29.2	22.3	8.0	6.7	15.9	17.3	54.9	42.1
Vinati Organics Ltd	VO IN	1,963	1,798	-8%	HOLD	2,744	41.2	34.9	11.1	9.3	23.3	22.8	51.5	44.3
Dhanuka Agritech	DAGRI IN	822	685	-17%	REDUCE	521	13.5	12.5	4.0	3.4	22.7	20.4	18.9	17.9
Heranba Industries Ltd	HERANBA IN	776	436	-44%	REDUCE	422	16.4	17.5	4.7	4.0	21.8	16.4	24.1	26.7
Anupam Rasayan India Ltd	ANURAS IN	751	381	-49%	REDUCE	1,021	34.9	29.4	4.0	3.7	8.4	9.1	52.1	42.3
Laxmi Organics Ltd	LXCHEM IN	517	155	-70%	REDUCE	1,853	40.1	41.2	10.8	9.3	18.4	15.0	64.5	66.8
Aarti Industries	ARTO IN	910	625	-31%	REDUCE	4,484	16.0	13.8	3.6	3.2	13.7	13.6	60.0	50.0
Navin Fluorine International Ltd	NFIL IN	3,961	3,476	-12%	HOLD	2,665	46.5	33.2	10.3	8.8	17.0	18.2	65.2	52.3
Insecticide India Ltd	INST IN	739	461	-38%	HOLD	198	10.5	9.4	1.7	1.6	9.9	10.2	18.3	16.3
Coromandel International Ltd	CRIN IN	814	871	7%	ADD	3,250	10.9	9.7	3.8	3.2	25.6	23.3	16.0	14.7
Atul Ltd	ATLP IN	9,253	6,370	-31%	REDUCE	3,723	25.9	22.1	7.1	6.1	16.9	18.1	42.2	36.1
Camlin Fine Science	CFIN IN	169	225	33%	ADD	293	12.0	9.6	3.0	2.6	12.8	15.0	24.7	18.5
India Pesticide Ltd	IPL IN	330	287	-13%	REDUCE	517	18.8	16.2	1.8	1.4	29.0	24.3	16.7	6.6
Jubilant Ingrevia Ltd	JUBLINGR IN	704	780	11%	ADD	1,524	14.7	13.8	4.5	3.6	20.3	16.5	25.0	24.2
Average							23.2	20.0	5.6	4.8	18.1	17.1	37.6	32.3
Median							17.6	16.9	4.2	3.6	17.3	16.9	33.6	31.4

SOURCES: COMPANY REPORTS, INCRED RESEARCH

BY THE NUMBERS

Profit & Loss

(Rs mn)	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Total Net Revenues	357,600	386,940	429,984	470,729	523,135
Gross Profit	170,170	195,980	212,842	230,657	256,336
Operating EBITDA	70,980	86,390	90,313	96,304	107,534
Depreciation And Amortisation	(20,120)	(21,730)	(23,715)	(25,969)	(27,757)
Operating EBIT	50,860	64,660	66,598	70,335	79,776
Financial Income/(Expense)	(15,040)	(16,460)	(14,122)	(13,340)	(13,340)
Pretax Income/(Loss) from Assoc.	30	420	35	37	39
Non-Operating Income/(Expense)	1,070	2,580	2,580	2,580	2,580
Profit Before Tax (pre-EI)	36,920	51,200	55,091	59,612	69,055
Exceptional Items	(9,280)	(8,970)	(6,000)	(6,000)	(6,000)
Pre-tax Profit	27,640	42,230	49,091	53,612	63,055
Taxation	(5,860)	(6,860)	(9,811)	(10,715)	(12,603)
Exceptional Income - post-tax					
Profit After Tax	21,780	35,370	39,280	42,897	50,452
Minority Interests	(4,020)	(6,240)	(7,602)	(8,136)	(9,545)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	17,760	29,130	31,678	34,761	40,907
Recurring Net Profit	25,073	36,643	36,479	39,561	45,708
Fully Diluted Recurring Net Profit	25,073	36,643	36,479	39,561	45,708

Cash Flow

(Rs mn)	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
EBITDA	70,980	86,390	90,313	96,304	107,534
Cash Flow from Invt. & Assoc.					
Change In Working Capital	30,500	(2,140)	(8,326)	(9,474)	(11,199)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	(3,690)	(2,630)	7,269	8,445	9,544
Other Operating Cashflow	(3,780)	3,850	(8,920)	(11,510)	(15,286)
Net Interest (Paid)/Received	(14,810)	(20,600)	(14,122)	(13,340)	(13,340)
Tax Paid	8,190	7,250	9,811	10,715	12,603
Cashflow From Operations	87,390	72,120	76,025	81,140	89,856
Capex	(19,350)	(20,650)	(37,060)	(24,000)	(25,000)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(7,080)	(360)	35	37	39
Cash Flow From Investing	(26,430)	(21,010)	(37,025)	(23,963)	(24,961)
Debt Raised/(repaid)	(28,700)	(45,010)	(25,000)		
Proceeds From Issue Of Shares	29,870				
Shares Repurchased					
Dividends Paid	(4,570)	(4,580)	(8,319)	(9,129)	(10,743)
Preferred Dividends					
Other Financing Cashflow	(18,350)	(17,540)	(14,122)	(13,340)	(13,340)
Cash Flow From Financing	(21,750)	(67,130)	(47,441)	(22,469)	(24,083)
Total Cash Generated	39,210	(16,020)	(8,441)	34,708	40,812
Free Cashflow To Equity	32,260	6,100	14,000	57,177	64,895
Free Cashflow To Firm	75,770	71,710	53,122	70,517	78,235

SOURCES: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet					
(Rs mn)	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Total Cash And Equivalents	67,520	48,900	40,459	75,167	115,979
Total Debtors	120,570	130,260	144,750	158,467	176,109
Inventories	78,500	94,220	104,701	114,623	127,383
Total Other Current Assets	27,720	31,670	31,850	32,021	32,240
Total Current Assets	294,310	305,050	321,760	380,277	451,711
Fixed Assets	191,530	191,930	205,275	203,306	200,549
Total Investments	5,580	5,810	5,810	5,810	5,810
Intangible Assets	182,410	176,890	176,890	176,890	176,890
Total Other Non-Current Assets	27,000	24,630	24,981	24,692	24,714
Total Non-current Assets	406,520	399,260	412,956	410,698	407,963
Short-term Debt	12,980	14,140	14,140	14,140	14,140
Current Portion of Long-Term Debt					
Total Creditors	102,330	125,250	139,183	152,372	169,335
Other Current Liabilities	50,260	54,240	57,132	58,278	60,737
Total Current Liabilities	165,570	193,630	210,455	224,790	244,213
Total Long-term Debt	275,000	224,100	199,100	199,100	199,100
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	6,310	13,780	13,780	13,780	13,780
Total Non-current Liabilities	281,310	237,880	212,880	212,880	212,880
Total Provisions	28,010	27,000	27,018	27,038	27,060
Total Liabilities	474,890	458,510	450,353	464,708	484,152
Shareholders Equity	192,820	208,870	239,831	273,599	313,308
Minority Interests	33,120	36,930	44,532	52,668	62,213
Total Equity	225,940	245,800	284,363	326,267	375,521

Key Ratios					
	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Revenue Growth	63.8%	8.2%	11.1%	9.5%	11.1%
Operating EBITDA Growth	72.7%	21.7%	4.5%	6.6%	11.7%
Operating EBITDA Margin	19.8%	22.3%	21.0%	20.5%	20.6%
Net Cash Per Share (Rs)	(288.18)	(247.50)	(225.86)	(180.49)	(127.14)
BVPS (Rs)	252.05	273.03	313.50	357.65	409.55
Gross Interest Cover	3.38	3.93	4.72	5.27	5.98
Effective Tax Rate	21.2%	16.2%	20.0%	20.0%	20.0%
Net Dividend Payout Ratio	17.0%	20.1%	22.1%	22.4%	22.9%
Accounts Receivables Days	121.16	118.30	116.72	117.56	116.72
Inventory Days	165.36	165.07	167.19	166.73	165.54
Accounts Payables Days	(195.52)	(217.50)	(222.25)	(221.64)	(220.06)
ROIC (%)	10.7%	13.8%	13.5%	14.1%	15.7%
ROCE (%)	9.8%	12.3%	12.9%	12.9%	13.5%
Return On Average Assets	6.9%	8.7%	8.3%	8.2%	8.5%

SOURCES: INCRED RESEARCH, COMPANY REPORTS

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Corporate Governance Report:

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The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. CGS-CIMB Thailand does not confirm nor certify the accuracy of such survey result.

Score Range:	90 - 100	80 - 89	70 - 79	Below 70	No Survey Result
Description:	Excellent	Very Good	Good	N/A	N/A

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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.