

India

ADD (no change)

Consensus ratings*: Buy 20 Hold 5 Sell 2

Current price:	Rs1,947
Target price:	Rs2,484
Previous target:	Rs2,777
Up/downside:	27.6%
InCred Research / Consensus:	-2.4%
Reuters:	SUPI.NS
Bloomberg:	SI IN
Market cap:	US\$3,236m Rs247,309m
Average daily turnover:	US\$3.2m Rs244.2m
Current shares o/s:	127.0m
Free float:	51.2%

*Source: Bloomberg

Key changes in this note

- FY23F/24F EBITDA down 10%/11%.
- FY23F/24F APAT down 7%/11%.
- TP reduced to Rs2,484 from Rs2,777



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(2.2)	(6.8)	(5.0)
Relative (%)	1.6	(2.8)	(18.8)

Major shareholders	% held
Promoters	48.9
Nalanda India Fund	4.8
Kotak Emerging Equity Scheme	3.0

Analyst(s)



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Supreme Industries

Stability back; ends FY22 on a better note

- Highest-ever dispatches in Mar 2022 drives confidence in demand recovery.
- PVC prices to cool off gradually led by easing global supply chain challenges.
- Retain Add with a lower TP of Rs2,484. Sharp fall in PVC prices is a key risk.

4QFY22 revenue and EBITDA in line; PAT beats expectations

Supreme Industries or SIL's 4QFY22 revenue at Rs25.5bn was up 22.7% yoy (+31.5% qoq), led by realization (~Rs1,99,000/t) growth of 6% yoy (-7% qoq) and volume (~128kt) growth of 16% yoy (41% qoq). Adjusted for one-time inventory gain in 4QFY21 (1) gross margin contracted by 270pp yoy to 27.9% led by input cost (PVC) volatility and product mix deterioration; (2) EBITDA margin contracted by ~50bp yoy to 15.3%; and (3) EBITDA at Rs3.9bn grew 19% yoy. Revenue/EBITDA were 4%/1% above our estimates, respectively. EBIT/t fell 37% yoy/9% qoq to ~Rs26,400/t. APAT at Rs3.2bn beat our estimate by 11% led by higher-than-expected associate income (Rs696m vs. our estimate of Rs393m – 30% equity stake in Supreme Petrochem Ltd.). Plastic pipe volume (96.5kt) grew +27% yoy, while packaging and consumer segments posted double-digit degrowth in 4Q. FY22 revenue grew 22% yoy, while EBITDA/APAT declined 3%/1%, respectively. FY22 EBITDA margin contracted 422bp to 16%. Pipe volume declined 6.8% yoy to 274.3kt in FY22.

Demand trend positive; falling PVC prices may aid volume growth

Management stated that significant demand uptick led to highest-ever dispatches in Mar 2022. Moreover, the rise in Covid-19 infections in China has reduced local demand and has eased PVC supplies to India, thereby helping in cooling Indian PVC prices that would aid higher volume growth, in our view. PVC prices have corrected by Rs6/kg during Apr 2022 (~4% decline over Mar 2022). SIL incurred a capex of Rs4.7bn in FY22 and has guided of a similar outflow in FY23F, largely to be utilized for increase in plastic pipe capacity (addition of ~65kt). Higher working capital investment distorted SIL's FCFE generation in FY22, leading to nil cash generation. Net cash stood at Rs5.3bn (end-Mar 2022) and we estimate FCFE to recover to Rs17bn (cumulative of FY23F-24F).

Change in our estimates

We build volume/realization CAGR 13.5%/-4.4%, over FY22-24F culminating to marginal changes to our revenue estimate. Assuming gradual PVC price normalization, we factor in EBITDA/t of Rs28.5k/ Rs27k/t for FY23F/FY24F leading to EBITDA cut of 9.6%/11.4% and PAT cut of 6.5%/10.6% for FY23F and FY24F, respectively. Our estimates imply revenue/EBITDA/PAT CAGR of 14%/13%/20%, respectively, over FY20-24F.

Valuation and risks

We feel structural demand recovery for urban/rural housing, infrastructure and industrial plastic products will support SIL's sales volume and profit growth over FY22-24F. We retain Add rating on SIL with a lower TP of Rs2,484 (Rs2,777 earlier), P/E of 33x (5-year mean +1SD) FY24F EPS. Covid-induced disruption and a sharp fall in PVC prices are key downside risks.

Financial Summary	Mar-20A	Mar-21A	Mar-22A	Mar-23F	Mar-24F
Revenue (Rsm)	55,115	63,571	77,728	87,138	91,366
Operating EBITDA (Rsm)	8,346	12,843	12,421	13,109	13,699
Net Profit (Rsm)	4,674	9,771	9,685	9,570	9,561
Core EPS (Rs)	36.8	76.9	76.2	75.3	75.3
Core EPS Growth	22.5%	109.0%	(0.9%)	(1.2%)	(0.1%)
FD Core P/E (x)	52.91	25.31	25.54	25.84	25.87
DPS (Rs)	14.0	22.0	24.0	26.0	28.0
Dividend Yield	0.87%	1.13%	1.23%	1.34%	1.44%
EV/EBITDA (x)	29.85	18.66	19.49	18.16	16.95
P/FCFE (x)	44.39	38.84	375.34	35.95	27.80
Net Gearing	7.9%	(24.2%)	(13.7%)	(20.8%)	(29.7%)
P/BV (x)	10.94	7.80	6.43	5.53	4.88
ROE	21.2%	36.0%	27.6%	23.0%	20.0%
% Change In Core EPS Estimates				(6.52%)	(10.56%)
InCred Research/Consensus EPS (x)				0.89	0.77

SOURCES: INCRED RESEARCH, COMPANY REPORTS

4QFY22 earnings-call takeaways

- **Demand:** Management stated that Mar 2022 witnessed highest-ever dispatches in a month led by strong demand momentum. Government initiatives such as Jal Jeevan Mission and Swachh Bharat Abhiyan, sanitation, and affordable housing are also expected to drive pipe demand. Agriculture pipe demand has seen a good pick-up and is expected to be strong in the Jan-Jun 2022 season.
- **Guidance:** Management gave guidance of at least 15% volume growth and gross margin will be maintained yoy in FY23F.
- **Sales mix:** Value-added product or VAP sales grew 17% yoy in FY22 to Rs29.1bn and accounted for ~37.5% of total sales. VAPs make over 17% EBITDA margin, as per management.
- **Channel inventory:** Management stated that distribution channel inventory is at normal level and despite the correction in PVC prices in Apr 2022, dealers and distributors continue to stock inventory at normalized levels.
- **Input prices:** Management stated that subdued economic activity in China due to Covid-19 restrictions led to PVC supplies being routed to India, thereby helping PVC prices to ease marginally. PVC prices decreased by Rs6/kg in Apr 2022 and management expects them to gradually fall over the course of the year.
- **Segment-wise performance:**
 - *Plastic piping:* Revenue/volume growth stood at 34%/27%, respectively, yoy. CPVC volume continued to grow during the quarter.
 - *Packaging products:* Revenue/volume growth stood at 3%/-16%, respectively, yoy. Cross-laminated film products were impacted the most due to weak demand (off-season) for tarpaulin with peak season approaching in Apr to Jun 2022F. Moreover, fierce competition from look-alike products and higher polymer prices, which could not be passed on to the product in an appropriate manner, also exerted pressure on margins. In protective packaging division, business conditions were good and there was growth in all its application segments viz. packaging, insulation and civil. Performance packaging film, being a part of intermediary to an essential product category, has done well, particularly in dairy & oil industry.
 - *Industrial products:* Revenue/volume growth stood at 2%/0%, respectively, yoy, due to supply chain problems at its customers-end. Management stated business conditions have started improving and the company is looking positive for various customer segments like washing machines, air-conditioners, coolers, and refrigerators, where it has a good presence. In material handling division, the company has shown good growth in essential commodities, retail, industrial sector, fruits & vegetable segment, e-commerce, FMCG, fisheries jumbo crates, dairy segment and injection & roto moulded pallets and dustbins. In composite LPG cylinder division, the company received repeat orders from existing as well as new customers. It has received an order for 7.4m cylinder units valued at Rs1.7bn from Indian Oil.
 - *Consumer products:* Revenue/volume growth was at -5%/-11%, respectively, yoy.
- **Dividend:** The board recommended a final dividend of Rs18/share in 4Q. FY22 cumulative dividend stood at Rs24/share (vs. Rs22/share in FY21).
- **Working capital:** It increased to 45 days of sales vs. 19 days (abnormally low due to Covid) as at end-Mar 2021 led by inventory build-up to service the upcoming peak season. Working capital increased to Rs9.5bn in Mar 2022. We expect inventory to be liquidated and normalize by the end of Sep 2022.
- **Capex:** The company has given capex guidance of Rs7bn for FY23F, of which ~Rs2bn of capital advances have been paid. Three greenfield plants will come

into operations at Assam, Odisha, and Tamil Nadu in FY23F. The capex is largely directed towards increasing plastic pipe manufacturing capacity (from 525kt to ~585-590kt by Mar 2023F. The plastic LPG cylinder capacity is being doubled to 1m units to fulfill existing and anticipated order book by Nov 2022F.

- **Net debt:** SIL had a cash surplus of Rs5.3bn as at end-Mar 2022.

Figure 1: Plastic pipes

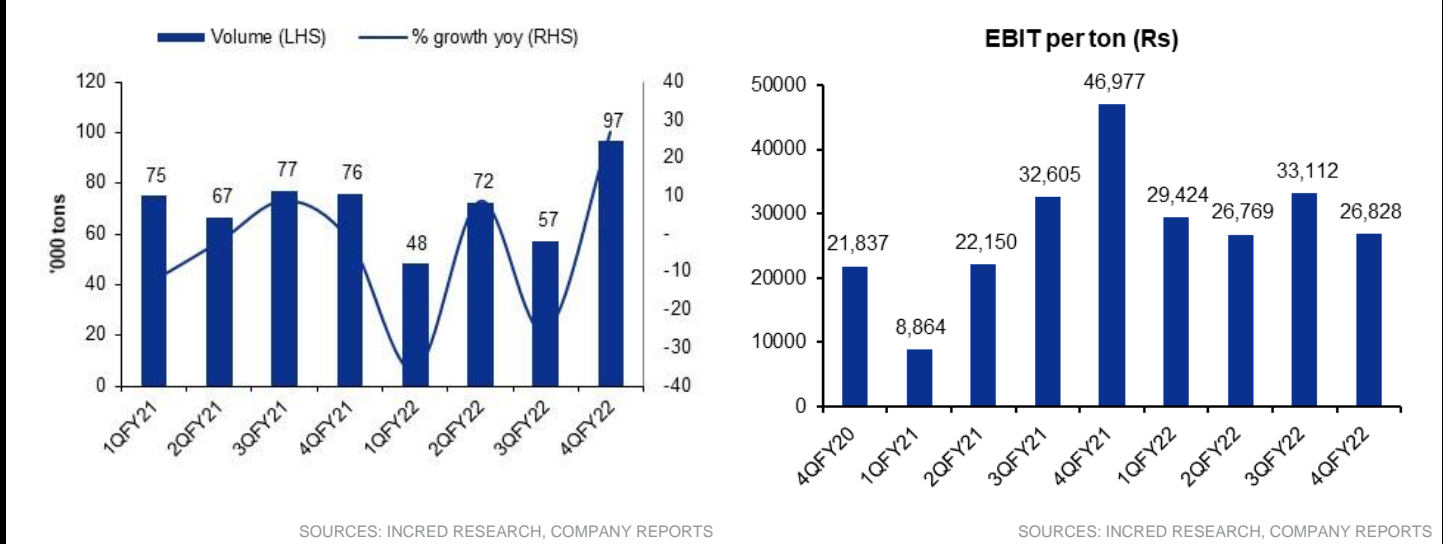


Figure 2: Packing products

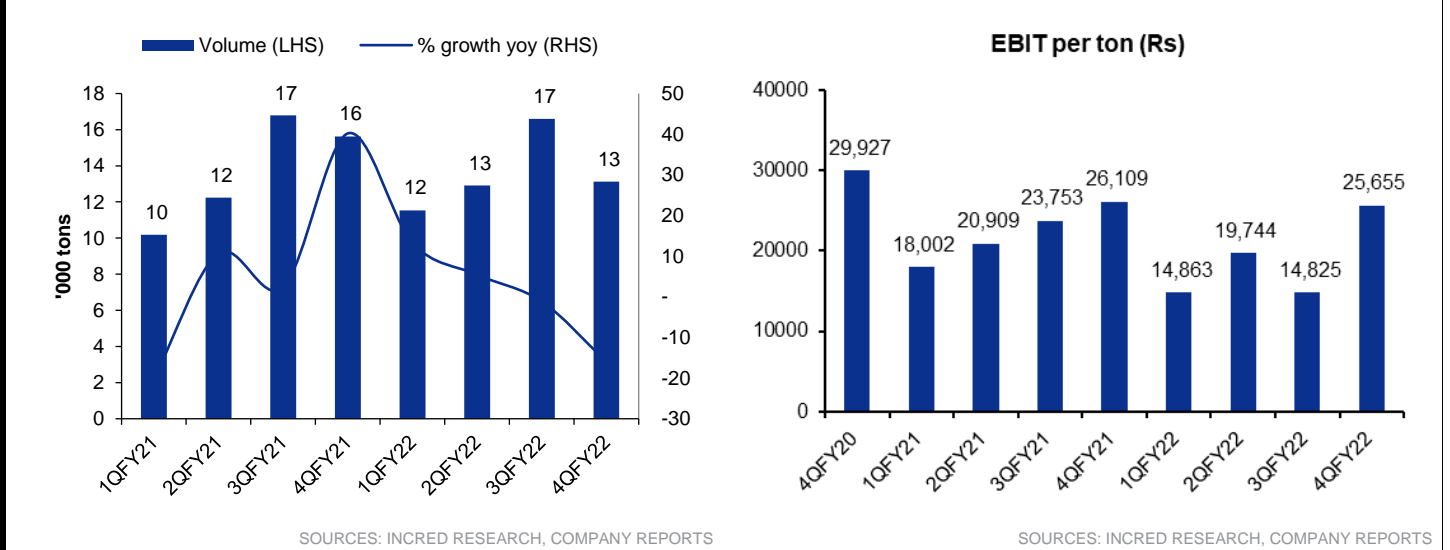
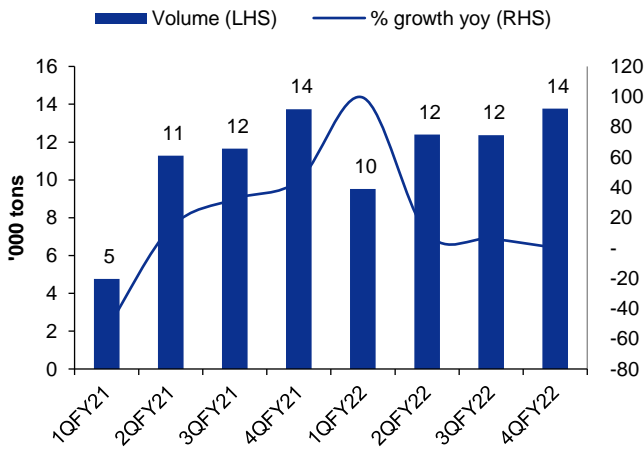
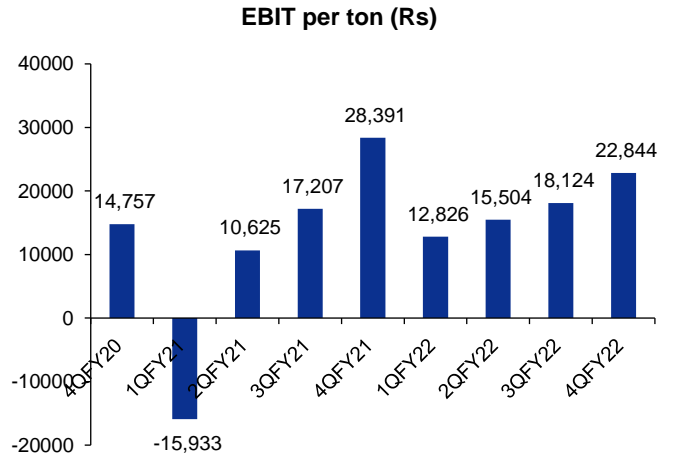


Figure 3: Industrial products

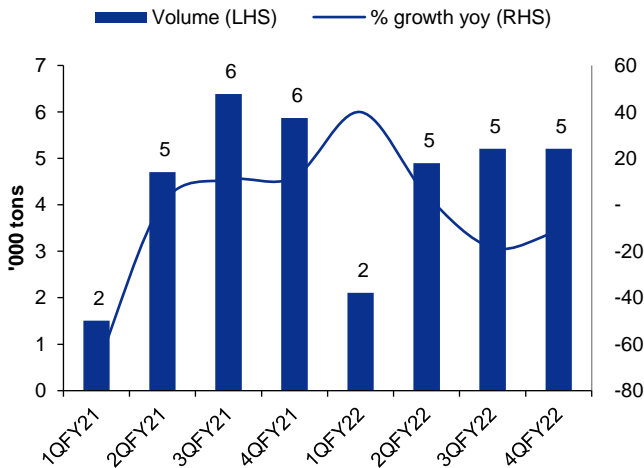


SOURCES: INCRED RESEARCH, COMPANY REPORTS

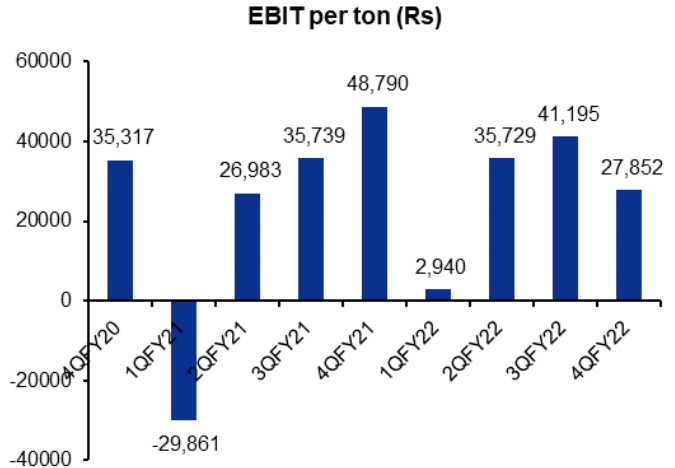


SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 4: Consumer products

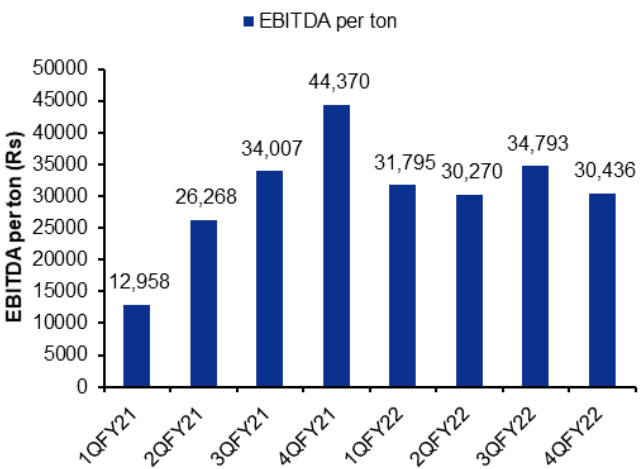


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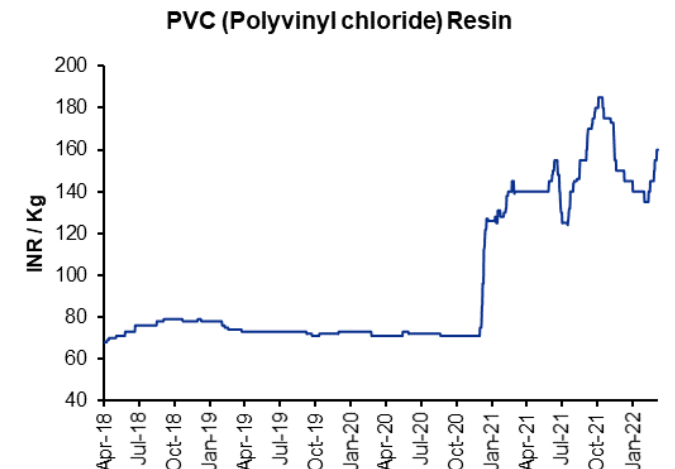
SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 5: EBITDA/t (company-level)



SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 6: PVC resin prices



SOURCES: INCRED RESEARCH, BLOOMBERG

Figure 7: 4QFY22 results snapshot

YE Mar (Rs m)	4QFY22	4QFY21	yoy (%)	3QFY22	qoq (%)	FY22F	FY21	yoy (%)
Revenue	25,571	20,846	22.7	19,451	31.5	77,728	63,571	22.3
EBITDA	3,914	5,097	(23.2)	3,179	23.1	12,421	12,843	(3.3)
EBITDA margin (%)	15.3	24.5	-915 bp	16.3	-103 bp	16.0	20.2	-422 bp
Adj. PAT	3,239	4,504	(28.1)	2,457	31.8	9,684	9,771	(0.9)
Diluted EPS (Rs)	25.5	35.5		19.3		76.2	76.9	

SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 8: 4QFY22 segment-wise results snapshot

	4QFY22	4QFY21	yoy (%)	3QFY22	qoq (%)
Revenue (Rs m)					
Plastic pipe	17,997	13,468	33.6	11,479	56.8
Packaging Product	3,190	3,097	3.0	3,697	(13.7)
Industrial Product	3,003	2,931	2.5	2,715	10.6
Consumer Product	1,180	1,240	(4.8)	1,275	(7.4)
Others	201	110	82.5	285	(29.4)
Total	25,571	20,846		19,451	
EBIT (Rs m)					
Plastic pipe	2,589	3,570	(27.5)	1,894	36.7
Packaging Product	337	408	(17.4)	246	37.0
Industrial Product	314	390	(19.4)	224	40.3
Consumer Product	145	286	(49.4)	215	(32.4)
Others	10	4	164.1	58	(82.3)
Total	3,396	4,659		2,637	
EBIT margin (%)					
Plastic pipe	14.4	26.5	-1212 bp	16.5	-211 bp
Packaging Product	10.6	13.2	-261 bp	6.7	391 bp
Industrial Product	10.5	13.3	-284 bp	8.3	222 bp
Consumer Product	12.3	23.1	-1081 bp	16.8	-454 bp
Others	5.1	3.5	158 bp	20.5	-1,536 bp
Total	13.3	22.3		13.6	

SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 9: Actuals vs. our estimates

Rs m	4QFY22A	4QFY22F	Var (%)
Revenue	25,571	24,391	4.8
EBITDA	3,914	3,871	1.1
EBITDA margin (%)	15.3	15.9	-57 bps
Adj. PAT	3,239	2,914	11.1

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 10: Actuals vs. Bloomberg consensus

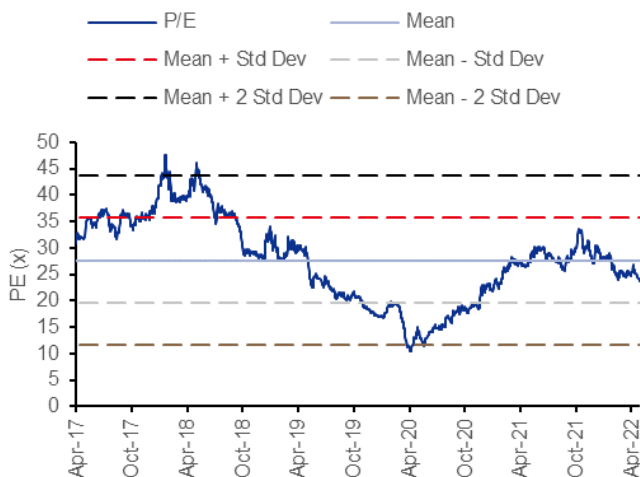
Rs m	4QFY22A	4QFY22C	Var (%)
Revenue	25,571	23,675	8.0
EBITDA	3,914	3,924	(0.2)
EBITDA margin (%)	15.3	16.6	-127 bps
Adj. PAT	3,239	2,899	11.7

SOURCES: INCRED RESEARCH, COMPANY REPORTS, BLOOMBERG

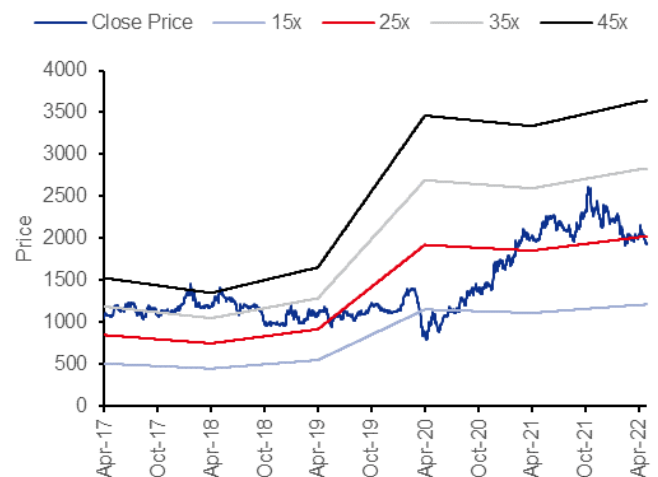
Figure 11: Revision in our earnings estimates

	New estimates		Old estimates		Change (%)	
	FY23F	FY24F	FY23F	FY24F	FY23F	FY24F
Revenue	87,138	91,366	86,820	91,200	0.4	0.2
EBITDA	13,109	13,699	14,499	15,458	-9.6	-11.4
Adjusted consol. PAT	9,570	9,561	10,238	10,690	-6.5	-10.6
EPS	75.3	75.3	80.6	84.2	-6.5	-10.6
EBITDA margin (%)	15.0	15.0	16.7	17.0	-166 bp	-196 bp

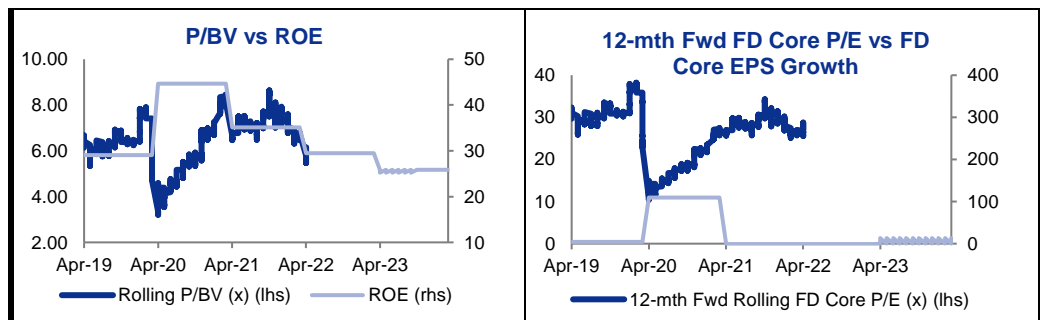
SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 12: P/E SD chart (five-year mean P/E)


SOURCES: INCRED RESEARCH, COMPANY REPORTS, BLOOMBERG

Figure 13: P/E band chart


SOURCES: INCRED RESEARCH, COMPANY REPORTS, BLOOMBERG

BY THE NUMBERS

Profit & Loss

(Rs mn)	Mar-20A	Mar-21A	Mar-22A	Mar-23F	Mar-24F
Total Net Revenues	55,115	63,571	77,728	87,138	91,366
Gross Profit	19,333	23,186	24,197	26,354	28,089
Operating EBITDA	8,346	12,843	12,421	13,109	13,699
Depreciation And Amortisation	(2,057)	(2,128)	(2,295)	(2,634)	(2,987)
Operating EBIT	6,289	10,715	10,126	10,475	10,712
Financial Income/(Expense)	(228)	(193)	(42)	(40)	26
Pretax Income/(Loss) from Assoc.	312	1,460	2,044	1,615	1,372
Non-Operating Income/(Expense)	40	130	190	200	210
Profit Before Tax (pre-EI)	6,413	12,112	12,318	12,250	12,320
Exceptional Items					
Pre-tax Profit	6,413	12,112	12,318	12,250	12,320
Taxation	(1,739)	(2,341)	(2,633)	(2,680)	(2,759)
Exceptional Income - post-tax					
Profit After Tax	4,674	9,771	9,685	9,570	9,561
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	4,674	9,771	9,685	9,570	9,561
Recurring Net Profit	4,674	9,771	9,685	9,570	9,561
Fully Diluted Recurring Net Profit	4,674	9,771	9,685	9,570	9,561

Cash Flow

(Rs mn)	Mar-20A	Mar-21A	Mar-22A	Mar-23F	Mar-24F
EBITDA	8,346	12,843	12,421	13,109	13,699
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(1,646)	(1,955)	(4,939)	326	306
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	66	3,686	48	1,775	1,608
Net Interest (Paid)/Received	227	212	41	40	(26)
Tax Paid	(1,621)	(2,322)	(2,868)	(2,680)	(2,759)
Cashflow From Operations	5,371	12,464	4,704	12,569	12,829
Capex	(2,417)	(2,266)	(4,699)	(5,200)	(3,510)
Disposals Of FAs/subsidiaries	20	56	39		
Acq. Of Subsidiaries/investments	19	94	139	(500)	(500)
Other Investing Cashflow	198	124	487	10	78
Cash Flow From Investing	(2,180)	(1,992)	(4,035)	(5,690)	(3,932)
Debt Raised/(repaid)	2,380	(4,104)	(11)		
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(3,522)	(635)	(2,922)	(3,303)	(3,557)
Preferred Dividends					
Other Financing Cashflow	(271)	(166)	(10)	(50)	(53)
Cash Flow From Financing	(1,414)	(4,905)	(2,942)	(3,353)	(3,609)
Total Cash Generated	1,777	5,566	(2,273)	3,527	5,288
Free Cashflow To Equity	5,571	6,367	659	6,879	8,897
Free Cashflow To Firm	2,895	10,251	619	6,829	8,845

SOURCES: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet					
(Rs mn)	Mar-20A	Mar-21A	Mar-22A	Mar-23F	Mar-24F
Total Cash And Equivalents	2,314	7,684	5,264	9,282	15,070
Total Debtors	3,128	3,898	4,668	5,233	5,487
Inventories	8,906	7,608	12,602	12,653	12,516
Total Other Current Assets	1,729	1,469	2,219	2,488	2,609
Total Current Assets	16,077	20,659	24,753	29,656	35,682
Fixed Assets	15,492	16,471	16,886	20,498	21,021
Total Investments	2,073	3,366	4,759	4,759	4,759
Intangible Assets					
Total Other Non-Current Assets	2,544	2,327	3,561	2,515	2,515
Total Non-current Assets	20,108	22,164	25,206	27,772	28,295
Short-term Debt	4,101				
Current Portion of Long-Term Debt					
Total Creditors	5,475	6,462	7,940	8,901	9,333
Other Current Liabilities	2,140	3,220	2,064	2,313	2,426
Total Current Liabilities	11,716	9,682	10,004	11,215	11,759
Total Long-term Debt	9	6			
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	523	524	607	607	607
Total Non-current Liabilities	532	530	607	607	607
Total Provisions	1,326	919	904	904	904
Total Liabilities	13,574	11,131	11,515	12,726	13,270
Shareholders Equity	22,612	31,692	38,444	44,711	50,715
Minority Interests					
Total Equity	22,612	31,692	38,444	44,711	50,715

Key Ratios					
	Mar-20A	Mar-21A	Mar-22A	Mar-23F	Mar-24F
Revenue Growth	(1.8%)	15.3%	22.3%	12.1%	4.9%
Operating EBITDA Growth	6.4%	53.9%	(3.3%)	5.5%	4.5%
Operating EBITDA Margin	15.1%	20.2%	16.0%	15.0%	15.0%
Net Cash Per Share (Rs)	(14.13)	60.44	41.44	73.07	118.63
BVPS (Rs)	178.01	249.49	302.64	351.98	399.25
Gross Interest Cover	21.20	48.42	196.62	209.51	204.04
Effective Tax Rate	27.1%	19.3%	21.4%	21.9%	22.4%
Net Dividend Payout Ratio	33.4%	23.1%	24.7%	27.0%	28.9%
Accounts Receivables Days	23.19	20.17	20.11	20.74	21.41
Inventory Days	83.70	74.62	68.90	75.82	72.59
Accounts Payables Days	56.35	53.94	49.10	50.57	52.59
ROIC (%)	28.7%	44.3%	45.8%	35.0%	33.3%
ROCE (%)	24.3%	35.4%	28.2%	24.7%	22.2%
Return On Average Assets	19.4%	31.1%	26.6%	22.9%	20.3%

SOURCES: INCRED RESEARCH, COMPANY REPORTS

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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, **CGET** – n/a, n/a, **CENDEL** – 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.