

India

**HOLD** (no change)

Consensus ratings\*: Buy 12 Hold 5 Sell 3

Current price:	Rs1,006
Target price:	Rs1,067
Previous target:	Rs1,106
Up/downside:	6.1%
EIP Research / Consensus:	-6.8%
Reuters:	ALEM.NS
Bloomberg:	ALPM IN
Market cap:	US\$2,678m Rs1,97,762m
Average daily turnover:	US\$5.0m Rs369.1m
Current shares o/s:	197.0m
Free float:	30.5%

\*Source: Bloomberg

**Key changes in this note**

- Cut FY22F/23F revenue by 7.6%/7.7%
- Cut FY22F/23F EBITDA by 4.5%/6.5%
- Cut FY22F/23F EPS by 0.3%/3.5%



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	1.9	6.4	33.6
Relative (%)	3.8	11.9	(12.9)

Major shareholders	% held
Promoters	69.5
Life Insurance Corporation of India	3.0
HDFC Life Insurance Co. Ltd	2.3

**Analyst(s)**

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# Alembic Pharmaceuticals Ltd

## Earnings to remain under pressure

- 4QFY21 earnings were in line with our estimates; India business grew by 5% yoy while US business revenue fell by 18% yoy.
- Management expects the US business to generate base revenues of US\$55m-60m per quarter in FY22F.
- We reiterate our Hold rating with a lower TP of Rs1,067 at 18x FY23F P/E.

**4QFY21 earnings in line**

Revenue grew by 6.1% yoy in 4Q to Rs12.8bn (our estimate: Rs12.5bn). EBITDA grew by 4% yoy to Rs3.4bn (our estimate: Rs3.4bn), EBITDA margins contracted by 45bp yoy/110bp qoq, mainly driven by a 270bp yoy/230bp qoq contraction in gross margins offset by lower operating costs. R&D in 4Q at 15% of sales picked up sequentially. PAT of Rs2.5bn (+6.5% yoy) was in line with our estimates.

**Specialty segment on track, while acute segment muted in India**

India revenues grew by a mere 5% yoy in 4QFY21, due to 25% degrowth in the acute segment, which was mainly impacted by the cough & cold therapy segment. However, the specialty segment grew by 21% yoy driven by the cardio, diabeto, gynaec and gastro segments. We expect 12% domestic business revenue CAGR in FY21-23F led by an increase in medical representative (MR) productivity, with the portfolio mix shifting towards the chronic segment and ramp-up of new launches in the specialty segment.

**Price erosion in sartan portfolio impacted US revenues**

US business revenue fell by 17.7% yoy and 7.2% qoq in 4QFY21, impacted by price erosion and loss of market share due to incremental competition in sartan products which had low competition opportunities in the last eight quarters. The company launched three products in 4Q and 16 in FY21, taking its total commercialised products to 86 through the front end and six through partner labels. Management guided for 15 launches in FY22. We expect a mere 5% US revenue CAGR over FY21-23F mainly impacted by the price erosion across sartan products offset by new product launches to some extent.

**Downgrade EPS; reiterate Hold with lower TP of Rs1,067**

We downgrade our revenue estimates by 8% each in FY22F/FY23F assuming lower-than-expected US sales assumption. However, we have reduced our operating cost and depreciation assumptions in FY22F/FY23F as we believe full operating cost related to new facilities might see some delay in getting expended. Thus, we reduce our EPS estimates by 0.3%/3.5% in FY22F/FY23F. We believe net earnings will remain under pressure on the back of lower US business and lower operating performance over FY21-FY23F. We reiterate our Hold rating with lower TP of Rs1,067 (from Rs1,106) at 18x FY23F P/E. Upside risks: Higher-than-expected price rises in the US generics portfolio. Downside risks: Price erosion in the US market, regulatory issues related to its facilities and adverse pricing regulations by NPPA in India, and supply disruptions due to the COVID-19 pandemic.

**Financial Summary**

	Mar-19A	Mar-20A	Mar-21A	Mar-22F	Mar-23F
Revenue (Rsm)	39,347	46,058	53,931	57,323	65,255
Operating EBITDA (Rsm)	8,736	12,230	15,576	13,967	16,653
Net Profit (Rsm)	5,844	8,288	11,781	9,805	11,651
Core EPS (Rs)	31.0	45.8	61.2	49.9	59.3
Core EPS Growth	41.6%	47.8%	33.5%	(18.5%)	18.8%
FD Core P/E (x)	32.45	22.88	16.44	20.17	16.97
DPS (Rs)	5.5	10.0	14.0	10.0	13.0
Dividend Yield	0.55%	0.99%	1.39%	0.99%	1.29%
EV/EBITDA (x)	23.46	17.53	12.72	14.08	11.58
P/FCFE (x)	87.32	108.68	(27.41)	64.55	39.27
Net Gearing	26.6%	52.2%	1.9%	(0.8%)	(6.3%)
P/BV (x)	6.98	5.89	3.86	3.34	2.90
ROE	23.7%	29.1%	28.2%	17.8%	18.3%
% Change In Core EPS Estimates				(0.28%)	(3.47%)
EIP Research/Consensus EPS (x)				0.99	1.07

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS. PRICED AS AT 04 MAY 2021

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## Earnings to remain under pressure

### Key takeaways from the results conference call

#### On the India business >

- Management highlighted that it is seeing good ramp up in the specialty segment and expects it to grow faster than other segments.
- Anti-infectives grew by 5% compared to -10% in the market. Cough & Cold and the pediatric portfolio degrew during the quarter.
- Management expects growth to pick up in the acute portfolio going ahead.
- The company does not have a COVID-19 product portfolio. Azithromycin, used in early FY21, started to pick up in the last two weeks due to the surge in COVID-19 cases.

#### On the US generics business >

- Management highlighted that the US generics business was affected mainly by price erosion in the sartan portfolio due to incremental competition. Going forward, management expects quarterly sales of US\$55m-60m as the new base, from US\$70m earlier.
- Management expects de-growth or a muted performance in US generics in the next two to three quarters in FY22.
- The company received 13 ANDA approvals in FY21, of which it received four in 4QFY21. Going ahead, the ANDA filing rate is expected to remain at 25-30.
- The company launched 16 new products in FY21, of which three were launched in 4QFY21. Management guided for 15 launches in FY22, predominantly in oral solids, derma and ophthalmic therapies.
- Management stated that the US business had been more competitive than anticipated, especially in therapies such as derma.
- Management remains bullish on the US market in the medium to long term.
- Rhizen Pharma received USFDA approval for a novel drug Ukoniq (Umbralisib) and is expecting approval for additional indication.

#### On ex-US business >

- Growth in this business was mainly driven by volume growth on a low base. The company operates through partners in these regions.
- Management guided for 10-15% growth ex US business in FY22.

#### On API business >

- Management highlighted that 1HFY21 saw a lot of opportunities in API due to China supply disruptions, which have now tapered as Chinese suppliers are back in the market.
- High growth in 4Q was due to a large contract manufacturing deal executed for a product.
- 95% of the total API revenue came from exports. 35% of Alembic's total capacity was used for captive consumption and 65% for external sales.

#### On manufacturing facilities >

- The F3 facility at Karkhadi (General Injectables) was audited by the USFDA in Feb 2021 and there were five observations, most of them procedural in nature.
- Management highlighted that the company would file products in oncology injectables in the next six months, but the timeline of the USFDA inspection was uncertain.

### On capex ➤

- Management guided for capex of around Rs6bn-6.5bn for FY22 which would be incurred towards maintenance and expansion of existing facilities.
- Capex in 4QFY21 was Rs1.78bn and in FY21 Rs6.87bn.

### Other takeaways ➤

- So far, the company has incurred capex of Rs2.5bn and R&D spend of Rs3bn under its Aleor JV.
- Management stated that the current levels of gross margins at 75-76% should be sustainable.
- Out of Rs19bn reflected as Capital Work-in-Progress (CWIP) in the balance sheet, Rs18bn pertains to manufacturing facilities F2, F3 and F4 which cater to the US market. Cumulatively, Rs7.7bn of this Rs19bn relates to preoperative expenses that have not been expensed out. Total preoperative expenses stood at Rs2.5bn in FY21.
- The company maintained its EPS guidance of Rs50/share in FY22.
- Management stated that receivable days in FY21 declined to 50 and net debt to equity ratio is 0.04.

**Figure 1: Quarterly consolidated summary**

Rs m	4QFY20	4QFY21	% yoy	3QFY21	% qoq	FY20	FY21	% yoy
Sales (Rsm)	12,068	12,804	6.1	13,143	(2.6)	46,058	53,931	17.1
Gross Profit (Rsm)	9,429	9,658	2.4	10,214	(5.4)	35,664	41,358	16.0
Gross Margin (%)	78.1	75.4	-271bp	77.7	-228bp	77.4	76.7	-75bp
R&D exp (Rsm)	1,850	1,949	5.3	1,480	31.7	6,447	6,700	3.9
EBITDA (Rsm)	3,275	3,417	4.3	3,651	(6.4)	12,230	15,576	27.4
EBITDA margin (%)	27.1	26.7	-45bp	27.8	-109bp	26.6	28.9	233bp
Finance expenses (Rsm)	78	26	(67.0)	23	10.8	272	160	(41.0)
Depreciation (Rsm)	441	512	16.0	470	9.0	1,573	1,835	16.6
Other income (Rsm)	9	40	343.8	25	56.1	49	100	102.8
PBT before extraordinary items	2,765	2,919	5.6	3,183	(8.3)	10,435	13,681	31.1
Extraordinary income	354	-	NM	-	-	354	-	NM
Extraordinary expenses	463	-	NM	-	-	791	-	NM
PBT (Rsm)	2,657	2,919	9.9	3,183	(8.3)	9,998	13,681	36.8
Tax (Rsm)	621	545	(12.4)	591	(7.9)	1,992	2,533	27.2
Effective tax rate (%)	23.4	18.7	NM	18.6	NM	19.9	18.5	NM
Reported PAT (Rsm)	2,246	2,507	11.6	2,926	(14.3)	8,288	11,781	42.1
Adjusted PAT (Rsm)	2,355	2,507	6.5	2,926	(14.3)	8,725	11,781	35.0

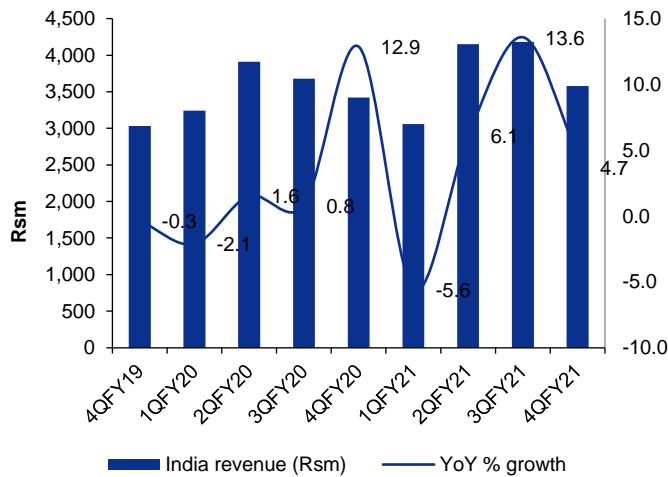
SOURCES: EIP RESEARCH, COMPANY REPORTS

**Figure 2: Alembic Pharma's quarterly sales breakdown**

Rsm	4QFY20	4QFY21	% yoy	3QFY21	% qoq	FY20	FY21	% yoy
<b>Formulations</b>	<b>10,520</b>	<b>10,660</b>	<b>1.3</b>	<b>11,010</b>	<b>(3.2)</b>	<b>38,980</b>	<b>44,380</b>	<b>13.9</b>
Domestic	3,420	3,580	4.7	4,180	(14.4)	14,250	14,970	5.1
% of sales	28.3	28.0		31.8		30.9	27.8	
International Generics	7,100	7,080	(0.3)	6,830	3.7	24,730	29,410	18.9
% of sales	58.8	55.3		51.9		53.7	54.5	
<b>API</b>	<b>1,550</b>	<b>2,140</b>	<b>38.1</b>	<b>2,140</b>	<b>-</b>	<b>7,080</b>	<b>9,550</b>	<b>34.9</b>
% of sales	12.8	16.7		16.3		15.4	17.7	
<b>TOTAL</b>	<b>12,070</b>	<b>12,800</b>	<b>6.0</b>	<b>13,150</b>	<b>(2.7)</b>	<b>46,060</b>	<b>53,930</b>	<b>17.1</b>

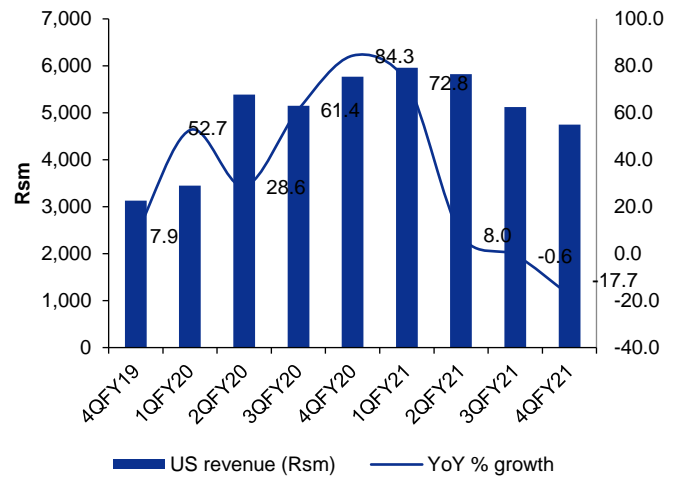
SOURCES: EIP RESEARCH, COMPANY REPORTS

**Figure 3: Acute segment degrowth hits India business revenue**



SOURCES: EIP RESEARCH, COMPANY REPORTS

**Figure 4: Sartan portfolio price erosion impacts US generics**



SOURCES: EIP RESEARCH, COMPANY REPORTS

**Figure 5: Revision in earnings estimates**

Particulars (Rsm)	Old estimates		New estimates		Change (%)	
	FY22F	FY23F	FY22F	FY23F	FY22F	FY23F
Revenue	62,067	70,666	57,323	65,255	(7.6)	(7.7)
EBITDA	14,625	17,808	13,967	16,653	(4.5)	(6.5)
EBITDA Margin (%)	23.6	25.2	24.4	25.5	80bp	32bp
PAT	9,832	12,070	9,805	11,651	(0.3)	(3.5)
EPS (Rs)	50.0	61.4	49.9	59.3	(0.3)	(3.5)

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 6: Alembic's performance in key therapy areas**

Therapy	4QFY21			4QFY20		
	Therapy growth %	Market share %	Alembic growth %	Therapy growth %	Market share %	Alembic growth %
Cardiology	10.0	1.9	13.0	15.0	1.9	12.0
Gynaecology	15.0	2.8	33.0	6.0	2.4	-6.0
Gastrology	18.0	1.4	23.0	7.0	1.3	-3.0
Anti-Diabetic	7.0	1	16.0	13.0	1	9.0
Orthopaedic	9.0	0.8	15.0	7.0	0.7	19.0
Nephro/Uro	11.0	1.9	7.0	8.0	1.9	10.0
Ophthalmology	17.0	1.5	36.0	7.0	1.3	-9.0
Dermatological	13.0	0.2	15.0	7.0	0.2	-14.0
Anti-Infective	-6.0	2.1	-22.0	10.0	2.4	19.0
Cold & Cough	-30.0	4.4	-36.0	23.0	4.7	22.0
<b>Overall</b>	<b>9.0</b>	<b>1.4</b>	<b>1.0</b>	<b>10.0</b>	<b>1.5</b>	<b>7.0</b>

SOURCES: EIP RESEARCH, COMPANY REPORTS

**Figure 7: Plant filing status as at Mar 2021**

Location	Dosage form	Audit/ Filing status
<b>International Generics</b>		
F1-Panelav	General Oral Solids	Mar 2020*
F2-Panelav	Oncology Oral Solids	Jun 2019*
	Oncology Injectables	Feb 2021#
F3-Karkhadi	General Injectables	Feb 2021*
	Ophthalmic	
F4- Jarod	General Oral Solids	Jun 2020#
Aleor (JV) – Karkhadi	Various derma forms	Jan 2020*
<b>API</b>		
API I&II – Panelav		Dec 2018*
API III – Karkhadi		Jan 2020*

SOURCES: EIP RESEARCH, COMPANY REPORTS

\* LAST USFDA INSPECTION

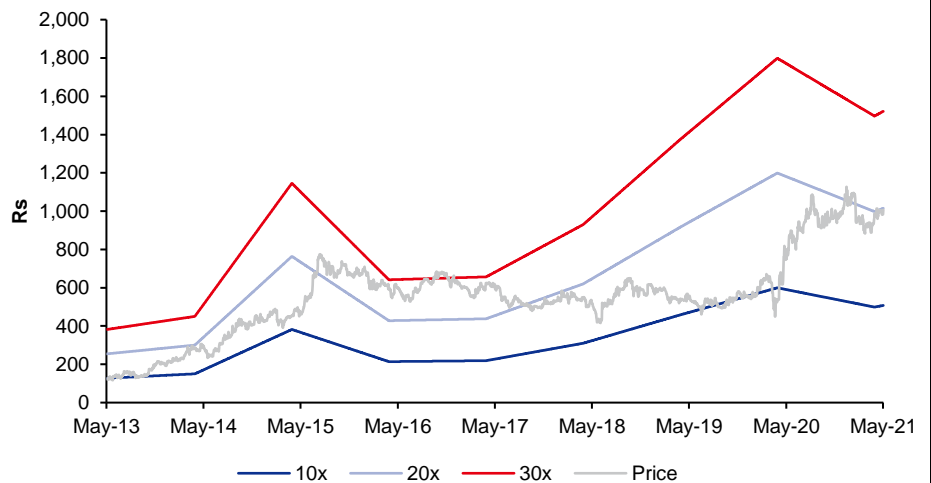
# FILING

**Figure 8: Annual revenue assumptions breakdown**

Rsm	FY20	FY21	FY22F	FY23F
<b>Formulation</b>	<b>38,980</b>	<b>44,390</b>	<b>46,341</b>	<b>52,625</b>
% of sales	84.6	82.3	80.8	80.6
% yoy	23.2	13.9	4.4	13.6
<b>Domestic</b>	<b>14,250</b>	<b>14,970</b>	<b>16,847</b>	<b>18,869</b>
% of sales	30.9	27.8	29.4	28.9
% yoy	3.1	5.1	12.5	12.0
<b>International formulations</b>	<b>24,730</b>	<b>29,420</b>	<b>29,494</b>	<b>33,757</b>
% of sales	53.7	54.5	51.5	51.7
% yoy	38.8	19.0	0.2	14.5
<b>US</b>	<b>19,760</b>	<b>21,630</b>	<b>20,535</b>	<b>23,454</b>
% of sales	42.9	40.1	35.8	35.9
% yoy	53.4	9.5	(5.1)	14.2
<b>Non US</b>	<b>4,970</b>	<b>7,790</b>	<b>8,959</b>	<b>10,302</b>
% of sales	10.8	14.4	15.6	15.8
% yoy	0.6	56.7	15.0	15.0
<b>API</b>	<b>7,080</b>	<b>9,550</b>	<b>10,983</b>	<b>12,630</b>
% of sales	15.4	17.7	19.2	19.4
% yoy	(8.2)	34.9	15.0	15.0
<b>Total</b>	<b>46,060</b>	<b>53,940</b>	<b>57,323</b>	<b>65,255</b>
% yoy	<b>17.1</b>	<b>17.1</b>	<b>6.3</b>	<b>13.8</b>

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 9: P/E band: One-year forward**

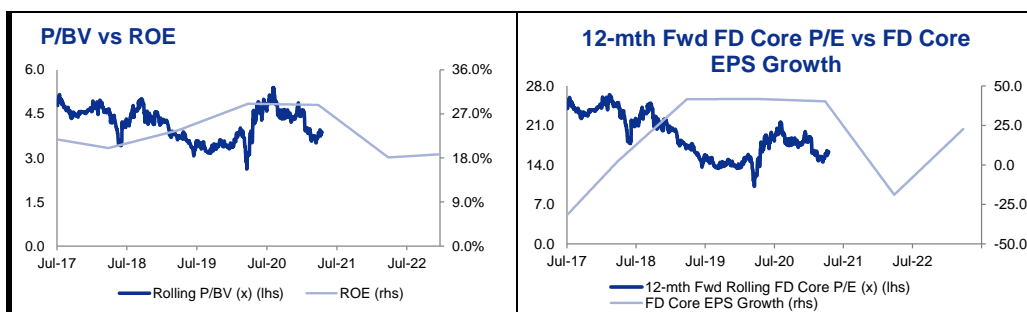


SOURCES: EIP RESEARCH ESTIMATES, BLOOMBERG

**Figure 10: P/E Standard Deviation: One-year forward**



SOURCES: EIP RESEARCH ESTIMATES, BLOOMBERG

**BY THE NUMBERS**

**Profit & Loss**

(Rs mn)	Mar-19A	Mar-20A	Mar-21A	Mar-22F	Mar-23F
<b>Total Net Revenues</b>	<b>39,347</b>	<b>46,058</b>	<b>53,931</b>	<b>57,323</b>	<b>65,255</b>
<b>Gross Profit</b>	<b>29,420</b>	<b>35,664</b>	<b>41,358</b>	<b>42,992</b>	<b>49,594</b>
<b>Operating EBITDA</b>	<b>8,736</b>	<b>12,230</b>	<b>15,576</b>	<b>13,967</b>	<b>16,653</b>
Depreciation And Amortisation	(1,152)	(1,573)	(1,835)	(2,413)	(2,888)
<b>Operating EBIT</b>	<b>7,584</b>	<b>10,657</b>	<b>13,741</b>	<b>11,554</b>	<b>13,765</b>
Financial Income/(Expense)	(184)	(272)	(160)	(80)	(50)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	94	49	100	105	116
<b>Profit Before Tax (pre-EI)</b>	<b>7,493</b>	<b>10,435</b>	<b>13,681</b>	<b>11,579</b>	<b>13,830</b>
Exceptional Items		(436)			
<b>Pre-tax Profit</b>	<b>7,493</b>	<b>9,999</b>	<b>13,681</b>	<b>11,579</b>	<b>13,830</b>
Taxation	(1,568)	(1,992)	(2,533)	(2,084)	(2,489)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>5,926</b>	<b>8,007</b>	<b>11,148</b>	<b>9,495</b>	<b>11,341</b>
Minority Interests	(82)	282	634	310	310
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>5,844</b>	<b>8,288</b>	<b>11,781</b>	<b>9,805</b>	<b>11,651</b>
Recurring Net Profit	5,844	8,638	11,781	9,805	11,651
<b>Fully Diluted Recurring Net Profit</b>	<b>5,844</b>	<b>8,638</b>	<b>11,781</b>	<b>9,805</b>	<b>11,651</b>

**Cash Flow**

(Rs mn)	Mar-19A	Mar-20A	Mar-21A	Mar-22F	Mar-23F
<b>EBITDA</b>	<b>8,736</b>	<b>12,230</b>	<b>15,576</b>	<b>13,967</b>	<b>16,653</b>
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(726)	(5,526)	87	774	(1,569)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	(1,740)	(2,471)	(2,629)	(2,084)	(2,489)
Net Interest (Paid)/Received	(184)	(272)	(160)	(80)	(50)
Tax Paid					
<b>Cashflow From Operations</b>	<b>6,086</b>	<b>3,962</b>	<b>12,874</b>	<b>12,576</b>	<b>12,544</b>
Capex	(8,214)	(8,457)	(7,564)	(6,619)	(6,625)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	94	49	100	105	116
<b>Cash Flow From Investing</b>	<b>(8,120)</b>	<b>(8,407)</b>	<b>(7,464)</b>	<b>(6,513)</b>	<b>(6,509)</b>
Debt Raised/(repaid)	4,207	6,191	(12,476)	(3,000)	(1,000)
Proceeds From Issue Of Shares			16		
Shares Repurchased					
Dividends Paid	(1,248)	(1,885)	(2,751)	(1,965)	(2,555)
Preferred Dividends					
Other Financing Cashflow	233	(1,109)	10,052	295	295
<b>Cash Flow From Financing</b>	<b>3,192</b>	<b>3,197</b>	<b>(5,159)</b>	<b>(4,670)</b>	<b>(3,260)</b>
Total Cash Generated	1,157	(1,249)	250	1,393	2,775
<b>Free Cashflow To Equity</b>	<b>2,172</b>	<b>1,745</b>	<b>(7,066)</b>	<b>3,063</b>	<b>5,035</b>
<b>Free Cashflow To Firm</b>	<b>(1,850)</b>	<b>(4,174)</b>	<b>5,570</b>	<b>6,143</b>	<b>6,085</b>

SOURCES: EIP RESEARCH, COMPANY REPORTS

**BY THE NUMBERS...cont'd**

<b>Balance Sheet</b>					
<b>(Rs mn)</b>	<b>Mar-19A</b>	<b>Mar-20A</b>	<b>Mar-21A</b>	<b>Mar-22F</b>	<b>Mar-23F</b>
Total Cash And Equivalents	2,056	808	1,058	2,451	5,226
Total Debtors	4,889	8,648	3,486	7,852	8,939
Inventories	9,673	11,875	14,862	14,134	16,090
Total Other Current Assets	2,960	3,297	6,374	6,756	7,176
<b>Total Current Assets</b>	<b>19,577</b>	<b>24,627</b>	<b>25,779</b>	<b>31,194</b>	<b>37,432</b>
Fixed Assets	24,398	30,990	36,480	40,568	44,179
Total Investments	488	176	493	508	523
Intangible Assets	2,699	2,990	3,229	3,348	3,473
Total Other Non-Current Assets	616	1,107	1,108	1,164	1,222
<b>Total Non-current Assets</b>	<b>28,200</b>	<b>35,263</b>	<b>41,311</b>	<b>45,587</b>	<b>49,397</b>
Short-term Debt	4,291	8,605			
Current Portion of Long-Term Debt					
Total Creditors	7,023	6,259	6,688	8,077	9,055
Other Current Liabilities	3,582	2,652	6,121	6,494	7,318
<b>Total Current Liabilities</b>	<b>14,896</b>	<b>17,516</b>	<b>12,808</b>	<b>14,572</b>	<b>16,373</b>
Total Long-term Debt	4,993	8,870	1,999	1,999	999
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities		733	715	760	866
<b>Total Non-current Liabilities</b>	<b>4,993</b>	<b>9,603</b>	<b>2,714</b>	<b>2,759</b>	<b>1,865</b>
Total Provisions	708	867	897	940	985
<b>Total Liabilities</b>	<b>20,597</b>	<b>27,986</b>	<b>16,420</b>	<b>18,271</b>	<b>19,223</b>
Shareholders Equity	27,188	32,194	51,276	59,116	68,212
Minority Interests	(8)	(290)	(606)	(606)	(606)
<b>Total Equity</b>	<b>27,180</b>	<b>31,905</b>	<b>50,670</b>	<b>58,510</b>	<b>67,606</b>

<b>Key Ratios</b>					
	<b>Mar-19A</b>	<b>Mar-20A</b>	<b>Mar-21A</b>	<b>Mar-22F</b>	<b>Mar-23F</b>
Revenue Growth	25.7%	17.1%	17.1%	6.3%	13.8%
Operating EBITDA Growth	35.8%	40.0%	27.4%	(10.3%)	19.2%
Operating EBITDA Margin	22.2%	26.6%	28.9%	24.4%	25.5%
Net Cash Per Share (Rs)	(38.35)	(88.42)	(4.79)	2.30	21.51
BVPS (Rs)	144.23	170.79	260.91	300.80	347.09
Gross Interest Cover	41.19	39.24	85.77	144.49	275.54
Effective Tax Rate	20.9%	19.9%	18.5%	18.0%	18.0%
Net Dividend Payout Ratio	14.0%	17.6%	19.2%	16.5%	18.1%
Accounts Receivables Days	47.09	53.64	41.06	36.10	46.96
Inventory Days	312.75	378.35	388.08	369.26	352.21
Accounts Payables Days	268.71	233.22	187.92	188.03	199.64
ROIC (%)	21.9%	21.3%	26.1%	19.5%	21.3%
ROCE (%)	22.9%	24.7%	26.9%	20.4%	21.3%
Return On Average Assets	17.6%	19.9%	21.8%	16.2%	17.0%

<b>Key Drivers</b>					
	<b>Mar-19A</b>	<b>Mar-20A</b>	<b>Mar-21A</b>	<b>Mar-22F</b>	<b>Mar-23F</b>
Unit sales grth (% , main prod./serv.)	25.7%	17.1%	17.1%	6.3%	13.8%
R&D Cost/sales (%)	12.8%	14.0%	12.4%	12.0%	11.0%

SOURCES: EIP RESEARCH, COMPANY REPORTS



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<b>Score Range:</b>	90 - 100	80 – 89	70 - 79	Below 70 or	No Survey Result
<b>Description:</b>	Excellent	Very Good	Good	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 2019, Anti-Corruption 2019

**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, **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, **BGRIM** – Very Good, Declared, **BH** - Good, n/a, **BJC** – Very Good, n/a, **BJCHI** – Very Good, Certified, **BLA** – Very Good, Certified, **BPP** – Very Good, Declared, **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, Declared, **CK** – Excellent, n/a, **COL** – Excellent, Declared, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** - Excellent, Certified, **CPNREIT** – not available, n/a, **CRC** – not available, n/a, **DELTA** - Excellent, Declared, **DEMCO** – Excellent, Certified, **DDD** – Very Good, n/a, **DIF** – not available, n/a, **DREIT** – not available, n/a, **DTAC** – Excellent, Certified, **EA** – Excellent, n/a, **ECL** – Very Good, Certified, **EGCO** - Excellent, Certified, **EPG** – Very Good, n/a, **ERW** – Very Good, n/a, **GFPT** - Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Very Good, n/a, **GLOW** – Very Good, Certified, **GPSC** – Excellent, Certified, **GULF** – Very Good, n/a, **GUNKUL** – Excellent, Certified, **HANA** - Excellent, Certified, **HMPRO** - Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Declared, **III** – Excellent, n/a, **INTUCH** - Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** - Excellent, Certified, **JASIF** – not available, n/a, **BJC** – Very Good, n/a, **JMT** – Very Good, n/a, **KBANK** - Excellent, Certified, **KCE** – Excellent, Certified, **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, n/a, **MAKRO** – Excellent, Certified, **MALEE** – Excellent, Certified, **MC** – Excellent, Certified, **MCOT** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** - Excellent, Certified, **MK** – Very Good, n/a, **MTC** – Excellent, n/a, **NETBAY** – Very Good, n/a, **OSP** – Very Good, n/a, **PLANB** – Excellent, Certified, **PLAT** – Very Good, Certified, **PR9** – Excellent, n/a, **PSH** – Excellent, Certified, **PSTC** – Very Good, Certified, **PTT** - Excellent, Certified, **PTTEP** - Excellent, Certified, **PTTGC** - Excellent, Certified, **QH** – Excellent, Certified, **RATCH** – Excellent, Certified, **ROBINS** – Excellent, Certified, **RS** – Excellent, n/a, **RSP** – not available, n/a, **S** – Excellent, n/a, **SAPPE** – Very Good, Declared, **SAT** – Excellent, Certified, **SAWAD** – Very Good, n/a, **SC** – Excellent, Certified, **SCB** - Excellent, Certified, **SCC** – Excellent, Certified, **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, **STA** – Very Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Excellent, Certified, **TASCO** – Excellent, Certified, **TCAP** – Excellent, Certified, **THANI** – 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, **TIPIP** – Good, n/a, **TRUE** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Declared, **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 2019 from Thai Institute of Directors Association (IOD)

2 AGM Level 2018 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 November 30, 2018) 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 2018" 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)

### Recommendation Framework

#### Stock Ratings

Definition:

<b>Add</b>	The stock's total return is expected to exceed 10% over the next 12 months.
<b>Hold</b>	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
<b>Reduce</b>	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:

<b>Overweight</b>	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
<b>Neutral</b>	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
<b>Underweight</b>	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

#### Country Ratings

Definition:

<b>Overweight</b>	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
<b>Neutral</b>	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
<b>Underweight</b>	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.