

India

HOLD (no change)

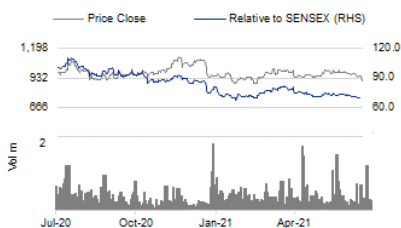
Consensus ratings*: Buy 9 Hold 7 Sell 3

Current price:	Rs910
Target price:	Rs942
Previous target:	Rs1,067
Up/downside:	3.5%
InCred Research / Consensus:	-9.5%
Reuters:	ALEM.NS
Bloomberg:	ALPM IN
Market cap:	US\$2,403m Rs178,833m
Average daily turnover:	US\$5.6m Rs419.3m
Current shares o/s:	197.0m
Free float:	30.5%

*Source: Bloomberg

Key changes in this note

- Cut FY22F/23F revenue by 6.2%/4.5%
- Cut FY22F/23F EBITDA by 19.5%/12.1%
- Cut FY22F/23F EPS by 21.3%/11.7%



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(7.3)	(9.1)	(7.2)
Relative (%)	(7.1)	(15.8)	(33.4)

Major shareholders	% held
Promoters	69.5
Life Insurance Corporation of India	3.5
HDFC Life Insurance Co. Ltd	2.2

Analyst(s)



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Alembic Pharmaceuticals Ltd

US business drags earnings

- 1QFY22 earnings were below our estimates; the India business grew 57% yoy, while the US business declined 38% yoy and 22% qoq.
- Management has withdrawn its guidance of Rs50 EPS in FY22F due to pricing pressure in its US portfolio and refrained from giving future guidance.
- We reiterate our Hold rating with a lower TP of Rs942 at 18x FY22F P/E.

1QFY22 earnings below our estimates

Revenue declined by 1.1% yoy in 1Q to Rs13.2bn (our estimate: Rs12.7bn). EBITDA declined by 42% yoy to Rs2.3bn (below our estimate: Rs3.2bn), EBITDA margins contracted by 1250bp yoy/890bp qoq, mainly driven by a 380bp yoy/440bp qoq contraction in gross margin on the back of lower US sales and higher-than-expected operating costs. R&D in 1Q at 12.6% of sales declined sequentially. PAT of Rs1.6bn (-45% yoy, -34% qoq) was below our estimate due to lower-than-expected operating performance.

India business back on track with recovery in acute segment

India revenues grew by 57% yoy in 1QFY22, due to 121% growth in acute segment which was mainly driven by anti-infectives, cough & cold segment and COVID products like Azithral. Specialty segment grew by 29% yoy driven by diabeto, gynaec and gastro segments. We expect 17% domestic business revenue CAGR in FY21-23F led by market representative (MR) productivity, with the portfolio mix shifting towards the chronic segment and ramp-up of new launches in the specialty segment.

Poor show by US business segment

US business revenue fell by 38% yoy and 22% qoq in 1QFY22, impacted by price erosion and incremental competition in sartan products and across the portfolio. Management highlighted that volumes remained stable while there was qoq erosion in pricing. Incremental competition in its product theophylline will have an impact in 2Q. The company launched two products in 1Q and expects to launch five in 2Q. Management guided for 15 launches in FY22. We expect US revenues to decline in FY22 due to erosion across its higher revenue generating products.

Downgrade EPS; reiterate Hold with lower TP of Rs942

We downgrade our earnings estimates by 21%/12% in FY22F/FY23F assuming lower-than-expected US sales assumption, which is dragging gross margins as well. We believe 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 Rs942 (from Rs1,067) 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, adverse pricing regulations by NPPA in India, and supply disruptions due to COVID-19 pandemic.

Financial Summary

	Mar-19A	Mar-20A	Mar-21A	Mar-22F	Mar-23F
Revenue (Rsm)	39,347	46,058	53,931	53,785	62,303
Operating EBITDA (Rsm)	8,736	12,230	15,576	11,248	14,636
Net Profit (Rsm)	5,844	8,288	11,781	7,718	10,287
Core EPS (Rs)	31.0	45.8	61.2	39.3	52.3
Core EPS Growth	41.6%	47.8%	33.5%	(35.8%)	33.3%
FD Core P/E (x)	29.35	19.85	14.87	23.17	17.38
DPS (Rs)	5.5	10.0	14.0	10.0	13.0
Dividend Yield	0.60%	1.10%	1.54%	1.10%	1.43%
EV/EBITDA (x)	21.29	15.98	11.50	15.92	12.11
P/FCFE (x)	78.96	98.27	(24.79)	111.04	57.00
Net Gearing	26.6%	52.2%	1.9%	1.8%	(1.4%)
P/BV (x)	6.31	5.33	3.49	3.14	2.76
ROE	23.7%	29.1%	28.2%	14.3%	16.9%
% Change In Core EPS Estimates				(21.29%)	(11.71%)
InCred Research/Consensus EPS (x)				0.82	1.01

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS, PRICED AS AT 26 JUL 2021

US business drags earnings

Key takeaways from the results conference call

On the India business >

- Ex-Azithromycin, the domestic portfolio has done well and management expects the company to outperform the market in key segments.
- The cough and cold segment is doing well currently due to a good monsoon.
- The acute segment and specialty segment grew faster than the represented pharmaceutical market in 1QFY22.
- Management expects to see some disturbances in 2QFY22 due to COVID-19.

On the US generics business >

- Management's long-term view on the US business remains bullish.
- The US business was impacted in 1QFY22 mainly by pricing, while volumes were not affected. Most of the price erosion was witnessed in the sartans portfolio, while other products have also seen some pricing pressure.
- The US business is witnessing incremental competition in theophylline and timolol. Incremental competition in theophylline may continue to impact the US business in 2QFY22.
- Management highlighted that the US business is still profitable though the ROCE has come down. It added that the addressable market size of the US business is good and there are a lot of opportunities to make money in future.
- The company has started filing products from the oncology injectables facility and is awaiting USFDA approval for the facility.
- Management expects sales of US\$400m in the US business by FY24-25.
- Management guided for five product launches in 2QFY22 and 15 in FY22.

On API business >

- Management stated that sartans API is not a big contributor to the API business of the company.

Other takeaways >

- Management withdrew its earlier guidance of Rs50 EPS for FY22 due to uncertainties and softness in the US business.
- The Aleor JV received financial assistance of Rs550m in 1QFY22 from Alembic Pharma.
- Capex for 1QFY22 was Rs1.24bn. Cumulative capex for ongoing projects including capital work-in-progress is Rs18.92bn.
- Cash on hand as at 30 Jun 2021 was Rs2.73bn, while net borrowing was Rs2.27bn
- A large portion of other expenses in 1QFY22 relate to the domestic business as the company spent more on promotional and field travel.
- R&D expense for FY22 could be close to Rs6.5bn-7bn.

Figure 1: Quarterly consolidated summary

Rs m	1QFY21	1QFY22	% yoy	4QFY21	% qoq	FY20	FY21	% yoy
Sales (Rsm)	13,413	13,260	(1.1)	12,804	3.6	46,058	53,931	17.1
Gross Profit (Rsm)	10,036	9,410	(6.2)	9,658	(2.6)	35,664	41,358	16.0
Gross Margin (%)	74.8	71.0	-386bp	75.4	-447bp	77.4	76.7	-75bp
R&D exp (Rsm)	1,426	1,670	17.1	1,949	(14.3)	6,447	6,700	3.9
EBITDA (Rsm)	4,074	2,359	(42.1)	3,417	(31.0)	12,230	15,576	27.4
EBITDA margin (%)	30.4	17.8	-1258bp	26.7	-889bp	26.6	28.9	233bp
Finance expenses (Rsm)	67	21	(68.4)	26	(17.6)	272	160	(41.0)
Depreciation (Rsm)	415	532	28.1	512	3.8	1,573	1,835	16.6
Other income (Rsm)	3	19	487.5	40	(52.4)	49	100	102.8
PBT before extraordinary items	3,595	1,826	(49.2)	2,919	(37.5)	10,435	13,681	31.1
Extraordinary income	-	-	-	-	-	354	-	NM
Extraordinary expenses	-	-	-	-	-	791	-	NM
PBT (Rsm)	3,595	1,826	(49.2)	2,919	(37.5)	9,998	13,681	36.8
Tax (Rsm)	668	342	(48.8)	545	(37.2)	1,992	2,533	27.2
Effective tax rate (%)	23.4	18.7	NM	18.7	NM	19.9	18.5	NM
Reported PAT (Rsm)	3,015	1,645	(45.4)	2,507	(34.4)	8,288	11,781	42.1
Adjusted PAT (Rsm)	3,015	1,645	(45.4)	2,507	(34.4)	8,725	11,781	35.0

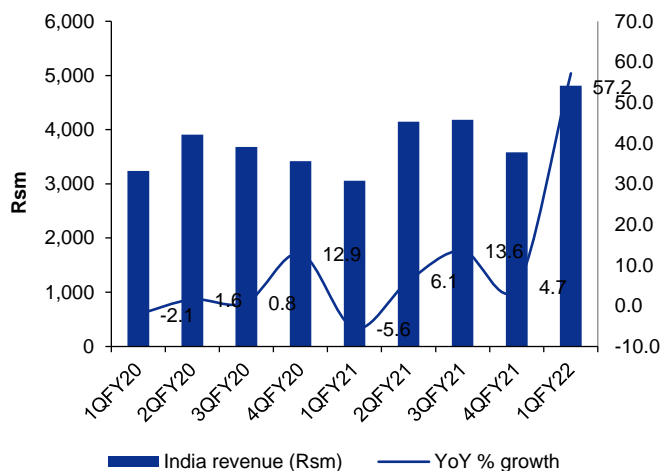
SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 2: Alembic Pharma's quarterly sales breakdown

Rsm	1QFY21	1QFY22	% yoy	4QFY21	% qoq	FY20	FY21	% yoy
Formulations	10,770	10,470	(2.8)	10,660	(1.8)	38,980	44,380	13.9
Domestic	3,060	4,810	57.2	3,580	34.4	14,250	14,970	5.1
% of sales	22.8	36.3		28.0		30.9	27.8	
International Generics	7,710	5,660	(26.6)	7,080	(20.1)	24,730	29,410	18.9
% of sales	57.5	42.7		55.3		53.7	54.5	
API	2,640	2,790	5.7	2,140	30.4	7,080	9,550	34.9
% of sales	19.7	21.0		16.7		15.4	17.7	
TOTAL	13,410	13,260	(1.1)	12,800	3.6	46,060	53,930	17.1

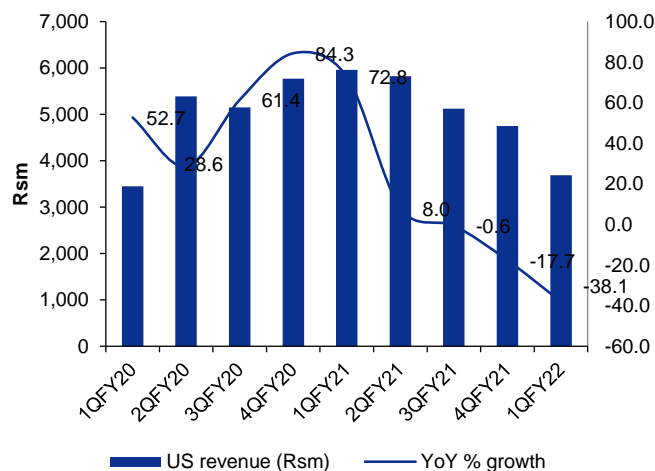
SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 3: India business was strong due to low base and traction in Azithral



SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 4: US business continued to be impacted by price erosion and increased competition



SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 5: Revision in earnings estimates

Particulars (Rsm)	Old estimates		New estimates		Change (%)	
	FY22F	FY23F	FY22F	FY23F	FY22F	FY23F
Revenue	57,323	65,255	53,785	62,303	(6.2)	(4.5)
EBITDA	13,967	16,653	11,248	14,636	(19.5)	(12.1)
EBITDA Margin (%)	24.4	25.5	20.9	23.5	-345bp	-203bp
PAT	9,805	11,651	7,718	10,287	(21.3)	(11.7)
EPS (Rs)	49.9	59.3	39.3	52.3	(21.3)	(11.7)

SOURCE: INCRED RESEARCH ESTIMATES

Figure 6: Alembic's performance in key therapy areas

Therapy	1QFY22			1QFY21		
	Therapy growth %	Market share %	Alembic growth %	Therapy growth %	Market share %	Alembic growth %
Cardiology	19	1.7	8	12	1.9	12
Gastrology	34	1.3	40	-8	1.3	-4
Gynaecology	25	2.7	38	-10	2.5	-16
Anti diabetic	9	1.1	22	11	1.0	10
Orthopaedic	25	0.7	27	-10	0.6	-14
Nephro/Uro	16	1.9	8	-5	2.0	7
Ophthalmology	30	1.5	68	-19	1.1	-37
Dermatological	24	0.1	75	-4	0.1	-51
SPECIALTY	23	1.4	26	-2	1.3	-3
Anti infective	92	3.2	131	-25	2.6	3
Cold & Cough	100	3.6	86	-5	3.8	-19
ACUTE	94	3.3	119	-21	2.9	-4
OVERALL	39	1.4	44	-5	1.4	-6

SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 7: Plant filing status as at Jun 2021

Location	Dosage form	Audit/ Filing status
International Generics		
F1- Panelav	General Oral Solids	Mar 20*
F2-Panelav	Oncology Oral Solids	Jun 19*
	Oncology Injectables	Feb 21#
F3- Karkhadi	General Injectables	Feb 21*
	Ophthalmic	
F4- Jarod	General Oral Solids	Jun 20#
Aleor (JV)- Karkhadi	Various derma forms	Jan 20*
API		
API I&II- Panelav		Dec 18*
API III- Karkhadi		Jan 20*

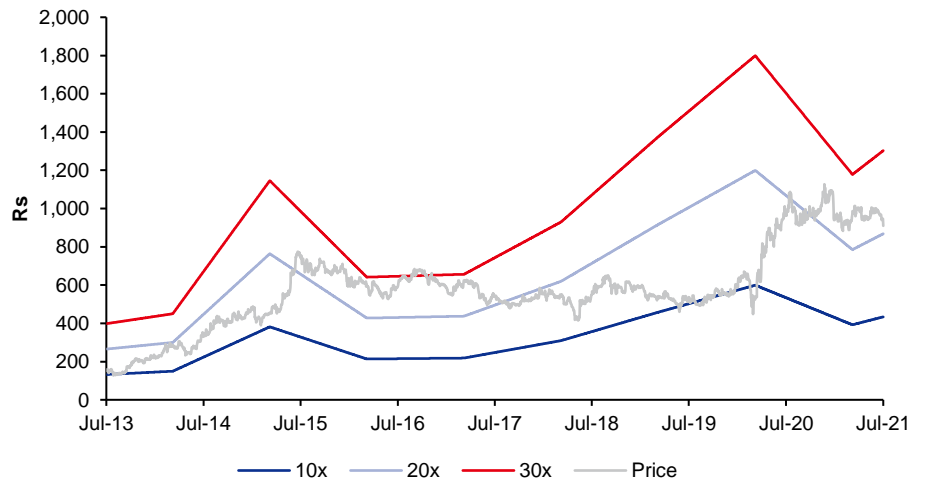
* LAST USFDA INSPECTION # FILING
 SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 8: Annual revenue breakdown assumptions

Rsm	FY20	FY21	FY22F	FY23F
Formulation	38,980	44,390	42,803	49,673
% of sales	84.6	82.3	79.6	79.7
% yoy	23.2	13.9	(3.6)	16.1
Domestic	14,250	14,970	18,304	20,501
% of sales	30.9	27.8	34.0	32.9
% yoy	3.1	5.1	22.3	12.0
International formulations	24,730	29,420	24,499	29,172
% of sales	53.7	54.5	45.5	46.8
% yoy	38.8	19.0	(16.7)	19.1
US	19,760	21,630	15,540	18,870
% of sales	42.9	40.1	28.9	30.3
% yoy	53.4	9.5	(28.2)	21.4
Non US	4,970	7,790	8,959	10,302
% of sales	10.8	14.4	16.7	16.5
% yoy	0.6	56.7	15.0	15.0
API	7,080	9,550	10,983	12,630
% of sales	15.4	17.7	20.4	20.3
% yoy	(8.2)	34.9	15.0	15.0
Total	46,060	53,940	53,785	62,303
% yoy	17.1	17.1	(0.3)	15.8

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

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

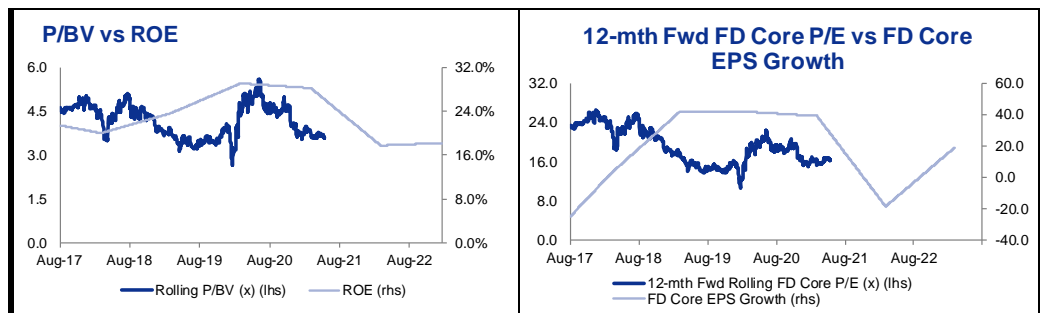


SOURCES: INCRED RESEARCH, BLOOMBERG

Figure 10: Standard deviation: One-year forward



SOURCES: INCRED RESEARCH, BLOOMBERG

BY THE NUMBERS

Profit & Loss

(Rs mn)	Mar-19A	Mar-20A	Mar-21A	Mar-22F	Mar-23F
Total Net Revenues	39,347	46,058	53,931	53,785	62,303
Gross Profit	29,420	35,664	41,358	38,188	44,858
Operating EBITDA	8,736	12,230	15,576	11,248	14,636
Depreciation And Amortisation	(1,152)	(1,573)	(1,835)	(2,240)	(2,535)
Operating EBIT	7,584	10,657	13,741	9,008	12,101
Financial Income/(Expense)	(184)	(272)	(160)	(80)	(50)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	94	49	100	105	116
Profit Before Tax (pre-EI)	7,493	10,435	13,681	9,034	12,167
Exceptional Items		(436)			
Pre-tax Profit	7,493	9,999	13,681	9,034	12,167
Taxation	(1,568)	(1,992)	(2,533)	(1,626)	(2,190)
Exceptional Income - post-tax					
Profit After Tax	5,926	8,007	11,148	7,408	9,977
Minority Interests	(82)	282	634	310	310
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	5,844	8,288	11,781	7,718	10,287
Recurring Net Profit	5,844	8,638	11,781	7,718	10,287
Fully Diluted Recurring Net Profit	5,844	8,638	11,781	7,718	10,287

Cash Flow

(Rs mn)	Mar-19A	Mar-20A	Mar-21A	Mar-22F	Mar-23F
EBITDA	8,736	12,230	15,576	11,248	14,636
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(726)	(5,526)	88	1,582	(1,750)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow		(436)			
Net Interest (Paid)/Received	(184)	(272)	(160)	(80)	(50)
Tax Paid	(1,740)	(2,035)	(2,629)	(1,626)	(2,190)
Cashflow From Operations	6,086	3,962	12,874	11,124	10,646
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
Cash Flow From Investing	(8,120)	(8,407)	(7,464)	(6,513)	(6,509)
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
Cash Flow From Financing	3,192	3,197	(5,160)	(4,670)	(3,260)
Total Cash Generated	1,157	(1,249)	251	(60)	877
Free Cashflow To Equity	2,172	1,745	(7,066)	1,610	3,137
Free Cashflow To Firm	(1,850)	(4,174)	5,571	4,690	4,187

SOURCES: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet					
(Rs mn)	Mar-19A	Mar-20A	Mar-21A	Mar-22F	Mar-23F
Total Cash And Equivalents	2,056	808	1,058	999	1,876
Total Debtors	4,889	8,648	3,486	7,368	8,535
Inventories	9,673	11,875	14,862	13,262	15,362
Total Other Current Assets	2,960	3,297	6,373	6,755	7,176
Total Current Assets	19,577	24,627	25,779	28,384	32,949
Fixed Assets	24,398	30,990	36,480	40,741	44,705
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
Total Non-current Assets	28,200	35,263	41,311	45,760	49,923
Short-term Debt	4,291	8,605			
Current Portion of Long-Term Debt					
Total Creditors	7,023	6,259	6,688	7,925	8,880
Other Current Liabilities	3,582	2,652	6,121	6,145	7,027
Total Current Liabilities	14,896	17,516	12,808	14,070	15,907
Total Long-term Debt	4,993	8,870	1,999	1,999	999
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities		733	715	713	826
Total Non-current Liabilities	4,993	9,603	2,714	2,712	1,825
Total Provisions	708	867	897	940	985
Total Liabilities	20,597	27,986	16,420	17,722	18,717
Shareholders Equity	27,188	32,194	51,276	57,028	64,760
Minority Interests	(8)	(290)	(606)	(606)	(606)
Total Equity	27,180	31,905	50,670	56,422	64,154

Key Ratios					
	Mar-19A	Mar-20A	Mar-21A	Mar-22F	Mar-23F
Revenue Growth	25.7%	17.1%	17.1%	(0.3%)	15.8%
Operating EBITDA Growth	35.8%	40.0%	27.4%	(27.8%)	30.1%
Operating EBITDA Margin	22.2%	26.6%	28.9%	20.9%	23.5%
Net Cash Per Share (Rs)	(38.35)	(88.42)	(4.79)	(5.09)	4.46
BVPS (Rs)	144.23	170.79	260.91	290.18	329.52
Gross Interest Cover	41.19	39.24	85.77	112.66	242.23
Effective Tax Rate	20.9%	19.9%	18.5%	18.0%	18.0%
Net Dividend Payout Ratio	14.0%	17.6%	19.2%	21.0%	20.5%
Accounts Receivables Days	47.09	53.64	41.06	36.83	46.58
Inventory Days	312.75	378.35	388.08	329.06	299.46
Accounts Payables Days	268.71	233.22	187.92	170.97	175.81
ROIC (%)	21.9%	21.3%	26.1%	15.4%	18.7%
ROCE (%)	22.9%	24.7%	26.9%	16.2%	19.6%
Return On Average Assets	17.6%	19.9%	21.8%	12.9%	15.6%

Key Drivers					
	Mar-19A	Mar-20A	Mar-21A	Mar-22F	Mar-23F
Unit sales grth (% , main prod./serv.)	25.7%	17.1%	17.1%	(0.3%)	15.8%
R&D Cost/sales (%)	12.8%	14.0%	12.4%	12.8%	11.4%

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 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, **CENDEL** – 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.