

## India

**ADD** (no change)

Consensus ratings\*: Buy 7 Hold 0 Sell 1

Current price:	Rs457
Target price:	Rs613
Previous target:	Rs561
Up/downside:	34.1%
InCred Research / Consensus:	18.0%
Reuters:	INRM.NS
Bloomberg:	INDR IN
Market cap:	US\$564m
	Rs42,136m
Average daily turnover:	US\$3.6m
	Rs269.3m
Current shares o/s:	92.2m
Free float:	41.3%

\*Source: Bloomberg

**Key changes in this note**

- Cut FY22F/23F revenue by 1.9%/2%
- Cut FY22F/23F EBITDA by 2.9%/2%
- Cut FY22F/23F EPS by 4.5%/2.9%



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	2.3	(3.5)	79.3
Relative (%)	0.2	(13.4)	20.3

**Major shareholders**

	% held
Promoters and Promoter Group	58.7
Nippon India Small Cap Fund	5.7
ICICI Prudential PHD Fund	4.3

**Analyst(s)**

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# Indoco Remedies Ltd

## Earnings momentum to continue

- Indoco's 2QFY22 earnings were above our estimates on the back of better-than-expected operating performance.
- Management maintained its guidance of Rs3bn/2.5bn for EU/US sales in FY22.
- We reiterate our Add rating and roll forward our TP to FY24F.

**2QFY22 earnings were above our estimates**

Indoco's revenue grew 17.8% yoy in 2Q to Rs3.86bn (in line with our Rs3.8bn estimate) driven by strong growth in India and export formulations. EBITDA for the quarter was Rs864m (our estimate: Rs779m), growing 42.4% yoy on a low base; EBITDA margin was at 22.3%, expanding by 380bp yoy mainly on higher sales. Gross margin was 72.5% during the quarter, flattish yoy and expanded 104bp qoq on a favorable product mix. R&D for the quarter was 5.5% of sales at Rs213m. Reported PAT stood at Rs417m (above our estimate of Rs355m), growing by 62.6% yoy on a low base and higher operating performance.

**India formulations remained strong**

India formulations revenue grew a strong 22.3% in 2QFY22, led by the excellent performance of the Anti-Infectives, Gastro-Intestinal, Vitamins/Minerals/Nutrients (VMN) and Ophthalmic segments. It launched two products in 2Q – Ranofen Plus Tabs 10s in the Pain segment and Noxa Cream 5gm in the Derma segment. With Indian Pharmaceutical Market (IPM) growth normalizing, Indoco's major brands, Febrex plus and Cyclopatm ATM, are seeing an uptick in sales which were earlier impacted by Covid. We expect India formulations revenue CAGR of 21% over FY21-24F on a low base, with improving market representative productivity, recovery in existing brands and new launches.

**Growth momentum to continue in US/Europe revenues**

US revenue grew 10.2% yoy in 2QFY22. Growth was contributed by Brinzolamide Ophthalmic Solution, which was launched in the US in Mar 2021 in partnership with Teva (first generic) and existing products. Europe revenues grew 6.3% yoy in 2QFY22, impacted by shipping delays, which management believes will pick up in 3Q. We expect 35%/23% revenues CAGR over FY21-24F in the US/EU.

**Downgrade EPS; reiterate Add rating with higher TP of Rs613**

We downgrade our EPS estimates for Indoco by 4%/3% in FY22F/FY23F, assuming lower-than-expected API sales. We roll forward our target valuation to FY24F with a higher TP of Rs613 (from Rs561) at 21x FY24F P/E and reiterate our Add rating underpinned by the recovery in the India formulations business, strong traction in regulated market formulations, and a pick-up in capacity utilization and new launches. Downside risks: Delays in resolving the USFDA warning letter issue for the Goa Plant-I and supply disruption due to the COVID-19 pandemic. Key catalyst: Higher-than-expected high-value launches in the US.

**Financial Summary**

	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Revenue (Rsm)	11,066	12,415	16,263	19,072	21,941
Operating EBITDA (Rsm)	1,232	2,243	3,220	4,005	4,608
Net Profit (Rsm)	241	930	1,469	2,260	2,689
Core EPS (Rs)	2.6	10.1	15.9	24.5	29.2
Core EPS Growth	NM	285.7%	57.8%	53.9%	19.0%
FD Core P/E (x)	174.67	45.28	28.69	18.64	15.67
DPS (Rs)	0.3	1.5	2.4	4.9	5.8
Dividend Yield	0.08%	0.33%	0.52%	1.07%	1.28%
EV/EBITDA (x)	35.54	19.67	13.69	10.81	9.17
P/FCFE (x)	537.44	(116.64)	208.98	39.79	29.39
Net Gearing	24.3%	25.9%	21.7%	10.9%	0.9%
P/BV (x)	6.20	5.48	4.71	3.92	3.27
ROE	3.6%	12.8%	17.7%	23.0%	22.7%
% Change In Core EPS Estimates			(4.47%)	(2.92%)	
InCred Research/Consensus EPS (x)			0.97	1.05	0.00

NM = Not Measurable

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS, PRICED AS AT 2 NOV 2021

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## Earnings momentum to continue

### Key takeaways from the results conference call

#### On the US business >

- Management highlighted that the US order book is very healthy and expects recovery in 3Q and 4Q. The company received a profit share of Rs85m from Brinzolamide in 1HFY22.
- The company is currently selling 12 products in the US and plans to relaunch 3-4 more products in ophthalmics in FY22F.

#### On the India business >

- Growth in the anti-infectives therapy in 2Q was aided by a low base and good anti-infectives season.
- The company's sub-chronic segment (ophthalmology, gynaecology and two dental divisions) did well. The Ophthalmic segment, which was most impacted in the lockdown, is now seeing healthy upside.
- Anti-infectives contributes more than 20% of the total domestic formulations. However, not many new products are coming up in this therapy.
- Anti-diabetics is a very small category for the company and the company is a late entrant in it. In this category, the company has launched Aloja M and management expects this product to do well.
- The company currently has 2,300 market representatives (MRs).
- Management stated that the company's domestic business is performing better than the Indian Pharmaceutical Market and expects it to perform well in 3QFY22F and 4QFY22F.
- The current MR attrition rate is 20-25%, which is mainly a regional issue.

#### Other highlights >

- The API business declined yoy due to high captive consumption, which was 60% of total API supplies.
- The European business declined sequentially due to challenges in the availability of containers and sourcing API material. The dispatches were lower than expected due to the lower container availability.
- Although API prices increased, gross margin improved sequentially due to the business mix and improvement in the domestic business. However, management expects some impact on gross margin in 3QFY22 in higher input cost.
- On the German market, the company won one tender and is planning two more, comparatively smaller in size, in FY23.
- Management expects PAT margin of 10-11% in FY22.
- The average cost of borrowing is 5.5%.

#### Guidance >

- Management has stuck to its US sales guidance of Rs2.5bn for FY22, which will be largely driven by its existing portfolio.
- Management maintained its Rs3bn guidance for the European business in FY22 and capex of Rs800m in FY22.
- Management guided for EBITDA margin of 19.75% for FY22.
- Management guided for tax rate of 35% for FY22 and 25% thereafter due to the new tax regime.

**Figure 1: Quarterly consolidated summary**

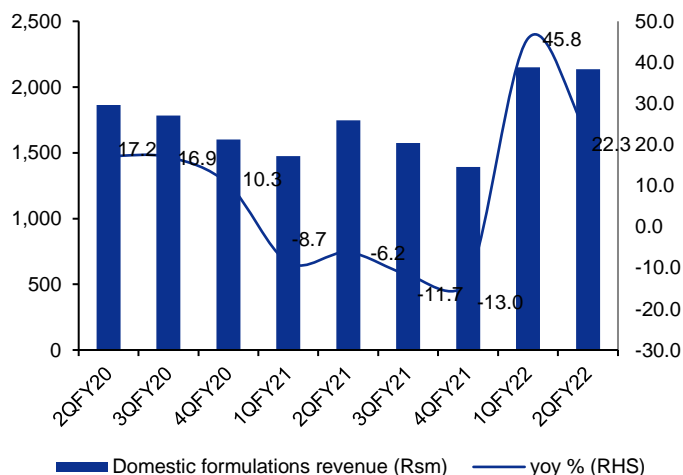
YE 31 Mar	2QFY21	2QFY22	% yoy	1QFY22	% qoq	1HFY21	1HFY22	% yoy
Sales (Rsm)	3,282	3,869	17.9	3,868	0.0	6,041	7,736	28.1
Gross Profit (Rsm)	2,380	2,806	17.9	2,764	1.5	4,323	5,570	28.9
Gross Margin (%)	72.5	72.5	0bps	71.5	104bps	71.6	72.0	44bps
R&D exp (Rsm)	157	213	36.2	165	29.0	259	379	46.1
EBITDA (Rsm)	607	864	42.4	869	(0.5)	1,094	1,733	58.5
EBITDA margin (%)	18.5	22.3	385bps	22.5	-13bps	18.1	22.4	430bps
Interest (Rsm)	59	31	(48.2)	42	(28.1)	116	73	(37.4)
Depreciation (Rsm)	186	195	4.7	222	(12.5)	377	417	10.6
Other income (Rsm)	5	10	94.2	9	17.4	8	19	139.7
PBT (Rsm)	368	650	76.7	613	6.0	608	1,262	107.7
Tax (Rsm)	111	233	109.0	216	7.5	181	449	147.7
Effective tax rate (%)	30.3	35.8	NM	35.3	NM	29.8	35.6	NM
PAT (Rsm)	256	417	62.7	397	5.1	427	813	90.6

SOURCES: INCRED RESEARCH, COMPANY REPORTS

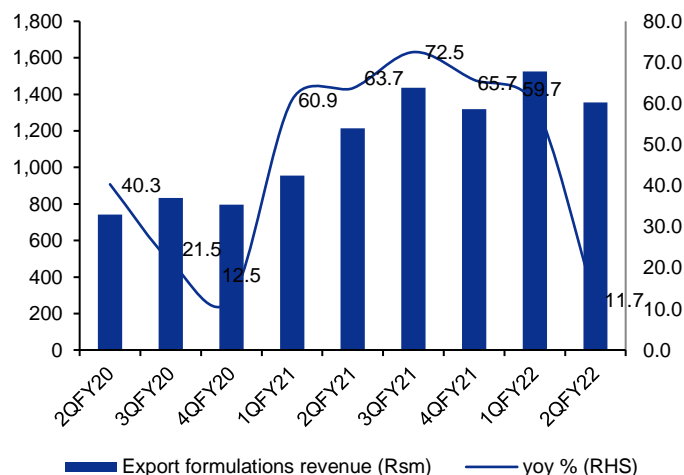
**Figure 2: Indoco's quarterly sales breakdown**

Revenue (Rsm)	2QFY21	2QFY22	% yoy	1QFY22	% qoq	1HFY21	1HFY22	% yoy
<b>Formulations</b>	<b>2,961</b>	<b>3,492</b>	<b>17.9</b>	<b>3,675</b>	<b>(5.0)</b>	<b>5,391</b>	<b>7,167</b>	<b>33.0</b>
India	1,747	2,136	22.3	2,151	(0.7)	3,222	4,287	33.0
Exports	1,214	1,356	11.7	1,525	(11.1)	2,169	2,880	32.8
Regulated markets	1,014	1,114	9.9	1,283	(13.2)	1,778	2,397	34.8
Semi-regulated markets	200	242	20.6	242	0.1	390	483	23.9
<b>API</b>	<b>228</b>	<b>197</b>	<b>(13.6)</b>	<b>109</b>	<b>81.3</b>	<b>450</b>	<b>306</b>	<b>(32.0)</b>
India	94	50	(46.4)	42	20.9	178	92	(48.3)
Outside India	135	147	9.2	67	118.8	273	214	(21.4)
<b>CRO</b>	<b>35</b>	<b>38</b>	<b>5.9</b>	<b>28</b>	<b>33.9</b>	<b>52</b>	<b>66</b>	<b>26.2</b>
<b>Other operating Income</b>	<b>52</b>	<b>140</b>	<b>169.0</b>	<b>53</b>	<b>162.4</b>	<b>143</b>	<b>193</b>	<b>35.3</b>
<b>Total revenue</b>	<b>3,277</b>	<b>3,866</b>	<b>18.0</b>	<b>3,865</b>	<b>0.0</b>	<b>6,035</b>	<b>7,731</b>	<b>28.1</b>

SOURCES: INCRED RESEARCH, COMPANY REPORTS

**Figure 3: Domestic formulations growth was led by strong performance of major therapies**


SOURCES: INCRED RESEARCH, COMPANY REPORTS

**Figure 4: Export formulations growth of 11.7% was driven by US business and semi-regulated markets**


SOURCES: INCRED RESEARCH, COMPANY REPORTS

**Figure 5: Revised earnings estimates**

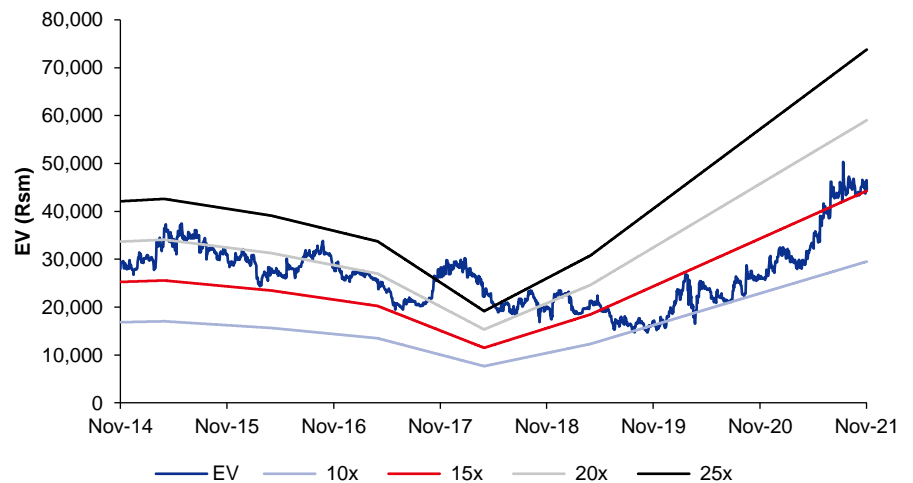
Rsm	Old estimates		New estimates		Change (%)	
	FY22F	FY23F	FY22F	FY23F	FY22F	FY23F
Revenue	16,586	19,462	16,263	19,072	(1.9)	(2.0)
EBITDA	3,317	4,087	3,220	4,005	(2.9)	(2.0)
EBITDA Margin (%)	20.0	21.0	19.8	21.0	-20bps	0bps
PAT	1,537	2,328	1,469	2,260	(4.5)	(2.9)
EPS (Rs)	16.7	25.3	15.9	24.5	(4.5)	(2.9)

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 6: Annual revenue breakdown assumptions**

Particulars (Rsm)	FY21	FY22F	FY23F	FY24F
<b>Formulations</b>	<b>11,113</b>	<b>15,175</b>	<b>17,889</b>	<b>20,649</b>
% growth	13.1	36.5	17.9	15.4
% of total sales	89.6	93.3	93.8	94.1
<b>Domestic</b>	<b>6,190</b>	<b>8,356</b>	<b>9,526</b>	<b>10,860</b>
% growth	-9.8	35.0	14.0	14.0
% of formulations	55.7	55.1	53.3	52.6
<b>Exports</b>	<b>4,924</b>	<b>6,819</b>	<b>8,363</b>	<b>9,789</b>
% growth	66.2	38.5	22.6	17.1
% of formulations	44.3	44.9	46.7	47.4
<b>Regulated markets</b>	<b>3,999</b>	<b>5,737</b>	<b>7,096</b>	<b>8,308</b>
% growth	83.8	43.5	23.7	17.1
<b>Semi-regulated markets</b>	<b>925</b>	<b>1,082</b>	<b>1,266</b>	<b>1,482</b>
% growth	17.5	17.0	17.0	17.0
<b>APIs</b>	<b>940</b>	<b>664</b>	<b>757</b>	<b>864</b>
% growth	9.3	-29.3	14.0	14.2
% of total sales	7.6	4.1	4.0	3.9
<b>Domestic</b>	<b>439</b>	<b>264</b>	<b>316</b>	<b>380</b>
% growth	53.7	-40.0	20.0	20.0
% of APIs	46.7	39.7	41.8	43.9
<b>Exports</b>	<b>501</b>	<b>400</b>	<b>440</b>	<b>484</b>
% growth	-12.9	-20.0	10.0	10.0
% of APIs	53.3	60.3	58.2	56.1
<b>CRO</b>	<b>121</b>	<b>131</b>	<b>131</b>	<b>131</b>
% growth	10.9	8.5	0.0	0.0
<b>Other operating income</b>	<b>229</b>	<b>293</b>	<b>295</b>	<b>297</b>
% growth	-13.9	27.8	0.7	0.7
<b>Total revenue</b>	<b>12,403</b>	<b>16,263</b>	<b>19,072</b>	<b>21,941</b>
% growth	12.1	31.1	17.3	15.0

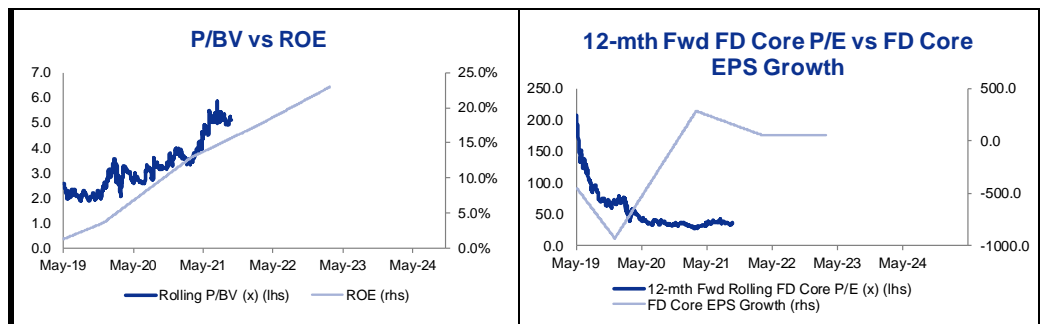
SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 7: EV/EBITDA band: One-year forward**


SOURCES: INCRED RESEARCH, BLOOMBERG

**Figure 8: EV/EBITDA standard deviation: One-year forward**



**BY THE NUMBERS**

**Profit & Loss**

(Rs mn)	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
<b>Total Net Revenues</b>	<b>11,066</b>	<b>12,415</b>	<b>16,263</b>	<b>19,072</b>	<b>21,941</b>
<b>Gross Profit</b>	<b>7,762</b>	<b>8,874</b>	<b>11,628</b>	<b>13,732</b>	<b>15,798</b>
<b>Operating EBITDA</b>	<b>1,232</b>	<b>2,243</b>	<b>3,220</b>	<b>4,005</b>	<b>4,608</b>
Depreciation And Amortisation	(708)	(731)	(780)	(828)	(877)
<b>Operating EBIT</b>	<b>524</b>	<b>1,511</b>	<b>2,440</b>	<b>3,177</b>	<b>3,731</b>
Financial Income/(Expense)	(263)	(223)	(216)	(202)	(187)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	24	31	35	38	42
<b>Profit Before Tax (pre-EI)</b>	<b>286</b>	<b>1,320</b>	<b>2,259</b>	<b>3,013</b>	<b>3,585</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>286</b>	<b>1,320</b>	<b>2,259</b>	<b>3,013</b>	<b>3,585</b>
Taxation	(45)	(390)	(791)	(753)	(896)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>241</b>	<b>930</b>	<b>1,469</b>	<b>2,260</b>	<b>2,689</b>
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>241</b>	<b>930</b>	<b>1,469</b>	<b>2,260</b>	<b>2,689</b>
Recurring Net Profit	241	930	1,469	2,260	2,689
<b>Fully Diluted Recurring Net Profit</b>	<b>241</b>	<b>930</b>	<b>1,469</b>	<b>2,260</b>	<b>2,689</b>

**Cash Flow**

(Rs mn)	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
<b>EBITDA</b>	<b>1,232</b>	<b>2,243</b>	<b>3,220</b>	<b>4,005</b>	<b>4,608</b>
Cash Flow from Invt. & Assoc.					
Change In Working Capital	51	(1,284)	(1,139)	(1,020)	(1,121)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow					
Net Interest (Paid)/Received	(263)	(223)	(216)	(202)	(187)
Tax Paid	(39)	(386)	(791)	(753)	(896)
<b>Cashflow From Operations</b>	<b>982</b>	<b>351</b>	<b>1,074</b>	<b>2,030</b>	<b>2,403</b>
Capex	(582)	(708)	(842)	(844)	(847)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	24	31	35	38	42
<b>Cash Flow From Investing</b>	<b>(558)</b>	<b>(677)</b>	<b>(808)</b>	<b>(806)</b>	<b>(805)</b>
Debt Raised/(repaid)	(346)	(35)	(65)	(165)	(165)
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(33)	(138)	(220)	(452)	(538)
Preferred Dividends					
Other Financing Cashflow	(28)	264			
<b>Cash Flow From Financing</b>	<b>(408)</b>	<b>90</b>	<b>(285)</b>	<b>(617)</b>	<b>(703)</b>
Total Cash Generated	17	(236)	(19)	607	896
<b>Free Cashflow To Equity</b>	<b>78</b>	<b>(361)</b>	<b>202</b>	<b>1,059</b>	<b>1,434</b>
<b>Free Cashflow To Firm</b>	<b>687</b>	<b>(104)</b>	<b>482</b>	<b>1,425</b>	<b>1,786</b>

SOURCES: INCRED RESEARCH, COMPANY REPORTS

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

<b>Balance Sheet</b>					
<b>(Rs mn)</b>	<b>Mar-20A</b>	<b>Mar-21A</b>	<b>Mar-22F</b>	<b>Mar-23F</b>	<b>Mar-24F</b>
Total Cash And Equivalents	379	143	125	732	1,627
Total Debtors	2,101	2,338	3,063	3,592	4,132
Inventories	2,083	2,379	3,116	3,654	4,203
Total Other Current Assets	1,067	1,365	1,378	1,581	1,890
<b>Total Current Assets</b>	<b>5,631</b>	<b>6,225</b>	<b>7,682</b>	<b>9,558</b>	<b>11,853</b>
Fixed Assets	5,437	5,468	5,488	5,460	5,383
Total Investments					
Intangible Assets	968	913	956	1,000	1,047
Total Other Non-Current Assets	680	544	565	580	596
<b>Total Non-current Assets</b>	<b>7,085</b>	<b>6,925</b>	<b>7,009</b>	<b>7,040</b>	<b>7,026</b>
Short-term Debt	1,060	1,163	1,198	1,233	1,268
Current Portion of Long-Term Debt					
Total Creditors	1,656	1,132	1,465	1,692	1,947
Other Current Liabilities	1,874	1,774	1,774	1,774	1,774
<b>Total Current Liabilities</b>	<b>4,590</b>	<b>4,069</b>	<b>4,437</b>	<b>4,699</b>	<b>4,989</b>
Total Long-term Debt	969	969	869	669	469
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	128	144	152	159	167
<b>Total Non-current Liabilities</b>	<b>1,098</b>	<b>1,114</b>	<b>1,021</b>	<b>829</b>	<b>637</b>
Total Provisions	233	278	294	324	356
<b>Total Liabilities</b>	<b>5,920</b>	<b>5,461</b>	<b>5,752</b>	<b>5,852</b>	<b>5,982</b>
Shareholders Equity	6,796	7,690	8,938	10,746	12,897
Minority Interests					
<b>Total Equity</b>	<b>6,796</b>	<b>7,690</b>	<b>8,938</b>	<b>10,746</b>	<b>12,897</b>

<b>Key Ratios</b>					
	<b>Mar-20A</b>	<b>Mar-21A</b>	<b>Mar-22F</b>	<b>Mar-23F</b>	<b>Mar-24F</b>
Revenue Growth	14.3%	12.2%	31.0%	17.3%	15.0%
Operating EBITDA Growth	60.7%	82.0%	43.6%	24.4%	15.0%
Operating EBITDA Margin	11.1%	18.1%	19.8%	21.0%	21.0%
Net Cash Per Share (Rs)	(17.90)	(21.59)	(21.08)	(12.71)	(1.20)
BVPS (Rs)	73.75	83.45	96.99	116.61	139.96
Gross Interest Cover	2.00	6.79	11.31	15.76	19.91
Effective Tax Rate	15.6%	29.5%	35.0%	25.0%	25.0%
Net Dividend Payout Ratio	11.7%	10.5%	9.7%	15.0%	15.0%
Accounts Receivables Days	66.95	65.26	60.61	63.68	64.25
Inventory Days	216.37	229.95	216.33	231.35	233.41
Accounts Payables Days	185.75	143.70	102.27	107.91	108.11
ROIC (%)	5.9%	15.0%	21.5%	25.6%	27.6%
ROCE (%)	5.9%	16.2%	23.4%	26.9%	27.3%
Return On Average Assets	4.3%	11.9%	17.8%	20.5%	21.3%

<b>Key Drivers</b>					
	<b>Mar-20A</b>	<b>Mar-21A</b>	<b>Mar-22F</b>	<b>Mar-23F</b>	<b>Mar-24F</b>
Unit sales grth (% , main prod./serv.)	14.3%	12.2%	31.0%	17.3%	15.0%
R&D Cost/sales(%)	4.5%	4.8%	4.9%	4.9%	4.9%

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:

<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.