

India

**ADD** (no change)

Consensus ratings\*: Buy 6 Hold 1 Sell 0

Current price:	Rs1,661
Target price: ▲	Rs2,109
Previous target:	Rs2,105
Up/downside:	27.0%
InCred Research / Consensus:	2.3%
Reuters:	JBCH.BO
Bloomberg:	JBCP IN
Market cap:	US\$1,725m Rs128,400m
Average daily turnover:	US\$3.8m Rs279.7m
Current shares o/s:	77.3m
Free float:	44.1%

\*Source: Bloomberg

**Key changes in this note**

- Cut FY22F/23F/24F revenues by 2%/3%/3%
- Cut FY22F/23F/24F EBITDA by 17%/13%/11%
- Cut FY22F/23F/24F EPS by 17%/13%/11%



Source: Bloomberg

<b>Price performance</b>	1M	3M	12M
Absolute (%)	(6.9)	(6.8)	74.2
Relative (%)	(7.5)	(15.8)	24.5

<b>Major shareholders</b>	% held
Promoter and Promoter Group	55.9
Invesco India Contra Fund	1.9
Franklin India Smaller Companies Fund	1.6

**Analyst(s)**



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# JB Chemicals & Pharmaceuticals Ltd

## Strong domestic play

- JB Chemicals' 2QFY22 earnings were in line with our estimate, adjusting the non-recurring cost of advisory and consultancy services.
- After adjusting the revenues which got deferred from 2QFY21 to 3QFY21, revenue growth was at 18% in 2QFY22.
- We reiterate our Add rating and roll forward TP to FY24F.

### 2QFY22 earnings in line with expectations

JB Chemicals and Pharmaceuticals' (JBCPL) revenues grew 33.6% yoy in 2QFY22 to Rs5.9bn (our estimate: Rs5.5bn), mainly driven by strong growth in domestic business. After adjusting sales, which got deferred to 3QFY21 from 2QFY21, revenue growth was 18%. After adjusting non-recurring expense of advisory fees of Rs 140m, EBITDA was at Rs1.4bn, in line, growing 28% yoy, and EBITDA margin contracted 110bp yoy/330bp qoq with the normalization of operating expenses, escalation in freight cost and non-cash ESOP charge of Rs130m. Gross margin was healthy at 65%, managed through cost optimization initiatives despite higher API prices. Adjusted PAT was at Rs1.08bn, in line, up 47% yoy, on account of higher other income.

### Domestic business continued to post robust growth

JBCPL's domestic revenues grew 39% yoy in 2QFY22, witnessing a strong growth across its big brands. Prescription rank improved by 2 ranks to 16 for MAT Sep 2021. New product launches contributed 4% to domestic sales in 2HFY22. During 2QFY22, the company launched three products – JBTOR/JBTOR plus, Dapacose M and Metrogyl-O. We expect domestic business revenue CAGR of 18% over FY21-24F backed by steady growth in its top 5 brands, new product launches and improving medical market productivity.

### International business hit due to Covid and logistical challenges

International business posted single-digit growth, adjusting for revenues that were deferred from 2QFY21 to 3QFY21 due to Covid uncertainties, supply chain disturbances and logistical challenges in some geographies. ROW branded generic markets were impacted due to Covid lockdowns, while South Africa business recorded strong growth in both public and private markets. While headwinds continue in international markets, we expect a gradual recovery and a 13% international business revenue CAGR over FY21-24F.

### Reiterate Add with a revised TP of Rs2,109

We downgrade our earnings estimate by 17%/13%/11% for FY22F/FY23F/FY24F on assuming lower-than-expected international business revenues, gross margin and higher-than-expected operating costs. We reiterate our Add rating and rollover TP on FY24F with a revised TP of Rs2,109 at 27x FY24F P/E (from Rs2,105). Downside risks: Supply chain disruption due to Covid lockdowns, price control on key brands. Key catalyst: Any further price hikes in domestic brands portfolio, and higher-than-expected traction in launches.

Financial Summary	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Revenue (Rsm)	17,747	20,425	23,496	26,904	31,069
Operating EBITDA (Rsm)	3,776	5,604	5,677	6,859	8,137
Net Profit (Rsm)	2,720	4,480	4,013	5,042	6,037
Core EPS (Rs)	35.5	52.8	53.3	65.2	78.1
Core EPS Growth	50.4%	48.5%	1.0%	22.4%	19.7%
FD Core P/E (x)	46.76	31.49	31.18	25.47	21.27
DPS (Rs)	18.3	9.5	13.0	16.3	19.5
Dividend Yield	1.10%	0.57%	0.78%	0.98%	1.18%
EV/EBITDA (x)	34.66	22.92	22.57	18.66	15.71
P/FCFE (x)	50.51	36.47	35.46	30.39	25.48
Net Gearing	(0.1%)	0.1%	(1.4%)	(1.6%)	(1.9%)
P/BV (x)	8.94	7.10	5.91	4.91	4.12
ROE	19.2%	25.1%	20.7%	21.1%	21.1%
% Change In Core EPS Estimates			(16.84%)	(12.94%)	(10.99%)
InCred Research/Consensus EPS (x)			0.84	0.85	0.88

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS, PRICED AS AT 12 NOV, 2021

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## Strong domestic play

### Key takeaways from the results conference call

#### On domestic business➤

- The company's performance in the Indian Pharma Market (IPM) is more commendable as it was without any contribution from Covid products.
- The current monthly run-rate of the domestic business is Rs1bn. Contribution from new products, which was negligible in the past, is now 4% in 1HFY22.
- Management highlighted that strong sales momentum continues for Rantac and Metrogyl products. The anti-hypertensive products are also delivering market-beating performance.
- The company has 20 stock-keeping units (SKUs) for Rantac and Metrogyl.
- Rantac is a highly competitive market, and its price hike is applicable only on three SKUs.
- Contribution of trade generics to total revenues is highly insignificant.

#### On international business➤

- The international business largely suffered from logistical disruptions in 2QFY22.
- Russian market is rebounding and gaining good traction and South Africa is also recording strong growth in public and private markets.
- Management expects 2HFY22F to be better than 1HFY22 for the Russia business. It believes that the worst is over for cough and cold portfolio, and it should see revival in terms of offtake of these products.
- The US business continues to do well and is performing as per company's expectations. By 4QFY22F, there should be a low double-digit growth.
- Management highlighted that there is a huge opportunity in the immunity-based lozenges space and has started developing these lozenges.
- The company added one marquee client in its CMO business and will focus on adding more customers in this business

#### Other highlights➤

- After considering the revenues which got deferred to 3QFY21 from 2QFY21, the sales growth in 2QFY22 was strong at 18%.
- The current MR productivity is Rs6.2m/year. There are no plans to add any additional field personnel in the next 12-18 months.
- Gross margin in 2QFY22 stood at 65%. There was some inflation witnessed in raw material prices, which has been offset by cost optimization measures. The operating costs have returned to pre-Covid levels.
- The one-time consultancy fee of Rs140m included in other expenses pertain to the design and implementation of the company's go-to-market model, and for other processes and sales force effectiveness.
- The non-cash ESOP expenses included in employee costs will be incurred every quarter, as it's a six-year scheme.
- The company continues to look for potential inorganic opportunities but is not in a hurry to acquire any asset.
- As per IMS data, the company recorded a growth of 27% yoy in Oct 2021.
- The company maintains its EBITDA margin guidance of 26-27% for FY22F excluding non-cash ESOP charge.

**Figure 1: Quarterly consolidated summary**

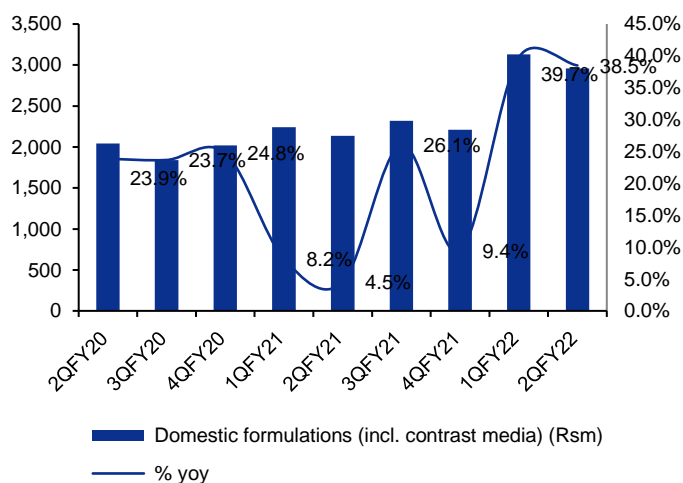
YE 31 Mar	2QFY21	2QFY22	% yoy	1QFY22	%qoq	1HFY21	1HFY22	% yoy
Sales (Rsm)	4,436	5,930	33.7	6,060	(2.1)	9,658	11,990	24.1
Gross Profit (Rsm)	3,097	3,855	24.5	3,894	(1.0)	6,458	7,749	20.0
Gross Margin (%)	69.8	65.0	-483bps	64.3	74bps	66.9	64.6	-223bps
EBITDA (Rsm)	1,101	1,407	27.8	1,637	(14.0)	2,655	3,044	14.7
EBITDA margin (%)	24.8	23.7	-109bps	27.0	-328bps	27.5	25.4	-210bps
Finance expenses (Rsm)	17	12	(28.6)	9	30.3	55	22	(60.4)
Depreciation (Rsm)	174	157	(9.8)	178	(11.9)	347	336	(3.3)
Other income (Rsm)	84	196	134.1	130	51.4	311	326	4.9
PBT before extra-ordinary items (Rsm)	993	1,434	44.4	1,579	(9.1)	2,564	3,013	17.5
Extraordinary income (Rsm)	-	-	-	-	-	-	-	-
Extraordinary expenses (Rsm)	-	140	NM	-	NM	-	140	NM
PBT after extra-ordinary items (Rsm)	993	1,294	30.3	1,579	(18.0)	2,564	2,873	12.0
Tax (Rsm)	254	274	8.0	394	(30.4)	630	669	6.2
Effective tax rate (%)	25.6	24.4	NM	24.6	NM	24.6	24.5	NM
Reported PAT (Rsm)	738	978	32.4	1,189	(17.8)	1,932	2,166	12.1
Adjusted PAT (Rsm)	738	1,083	46.8	1,189	(8.9)	1,932	2,272	17.6

SOURCES: INCRED RESEARCH, COMPANY REPORTS

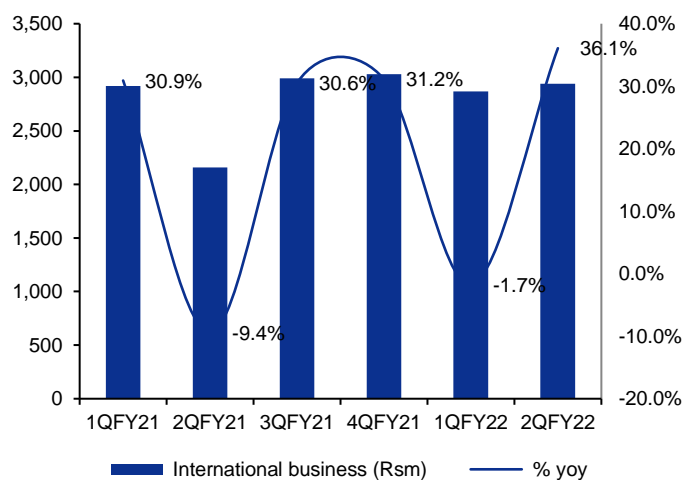
**Figure 2: JB Chemicals' quarterly sales breakdown**

YE 31 Mar	2QFY21	2QFY22	% yoy	1QFY22	%qoq	1HFY21	1HFY22	% yoy
Domestic formulations (Rsm)	2,137	2,960	38.5	3,130	(5.4)	4,377	6,090	39.1
International business (Rsm)	2,160	2,940	36.1	2,870	2.4	5,010	5,810	16.0
Other operating revenues (Rsm)	139	30	(78.4)	60	(50.0)	271	90	0.0
<b>Total (Rsm)</b>	<b>4,436</b>	<b>5,930</b>	<b>33.7</b>	<b>6,060</b>	<b>(2.1)</b>	<b>9,658</b>	<b>11,990</b>	<b>24.1</b>

SOURCES: INCRED RESEARCH, COMPANY REPORTS

**Figure 3: Domestic formulations business driven by strong growth across big brands**


SOURCES: INCRED RESEARCH, COMPANY REPORTS

**Figure 4: International business was impacted due to Covid and logistical challenges**


SOURCES: INCRED RESEARCH, COMPANY REPORTS

**Figure 5: Revised earnings estimates**

Rsm	Old estimates			New estimates			Change (%)		
	FY22F	FY23F	FY24F	FY22F	FY23F	FY24F	FY22F	FY23F	FY24F
Revenues	23,944	27,751	32,171	23,496	26,904	31,069	(1.9)	(3.1)	(3.4)
EBITDA	6,800	7,881	9,169	5,677	6,859	8,137	(16.5)	(13.0)	(11.3)
EBITDA Margin (%)	28.4	28.4	28.5	24.2	25.5	26.2	-424bp	-290bp	-231bp
PAT	4,952	5,791	6,782	4,118	5,042	6,037	(16.8)	(12.9)	(11.0)
EPS (Rs)	64.1	74.9	87.8	53.3	65.2	78.1	(16.8)	(12.9)	(11.0)

SOURCES: INCRED RESEARCH ESTIMATES

**Figure 6: Annual revenue breakdown assumptions**

	FY21	FY22F	FY23F	FY24F
<b>Domestic formulations</b>	<b>8,920</b>	<b>11,150</b>	<b>12,600</b>	<b>14,489</b>
% of sales	43.7	47.5	46.8	46.6
yoy%	11.9	25.0	13.0	15.0
<b>International business</b>	<b>11,270</b>	<b>12,082</b>	<b>14,015</b>	<b>16,260</b>
% of sales	55.2	51.4	52.1	52.3
yoy%	23.1	7.2	16.0	16.0
Export formulations	8,170	8,660	10,046	11,653
% of sales	40.0	36.9	37.3	37.5
% of international business	72.5	71.7	71.7	71.7
yoy%	21.4	6.0	16.0	16.0
CMO	2,240	2,554	3,013	3,556
% of sales	11.0	10.9	11.2	11.4
% of international business	19.9	21.1	21.5	21.9
yoy%	29.8	14.0	18.0	18.0
API	860	869	955	1,051
% of sales	4.2	3.7	3.6	3.4
% of international business	7.6	7.2	6.8	6.5
yoy%	23.7	1.0	10.0	10.0
<b>Others</b>	<b>240</b>	<b>264</b>	<b>290</b>	<b>319</b>
% of sales	1.2	1.1	1.1	1.0
yoy%	(61.5)	10.0	10.0	10.0
<b>Total revenue</b>	<b>20,430</b>	<b>23,496</b>	<b>26,904</b>	<b>31,069</b>
yoy%	<b>15.1</b>	<b>15.0</b>	<b>14.5</b>	<b>15.5</b>

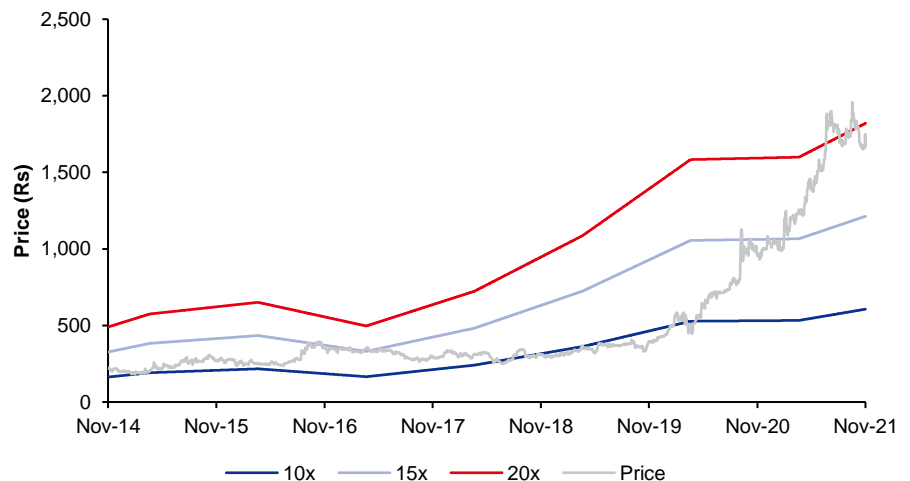
SOURCES: INCRED RESEARCH ESTIMATES

**Figure 7: P/E band: One-year forward**

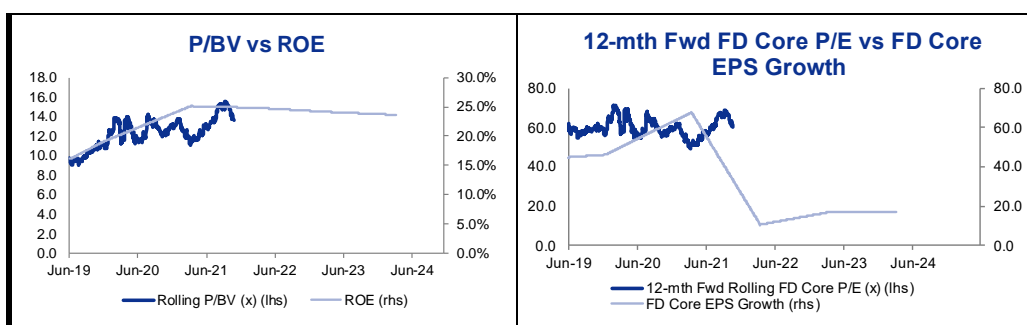


SOURCES: INCRED RESEARCH, BLOOMBERG

**Figure 8: P/E standard deviation: One year forward**



SOURCES: INCRED RESEARCH, BLOOMBERG

**BY THE NUMBERS**

**Profit & Loss**

(Rs mn)	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
<b>Total Net Revenues</b>	<b>17,747</b>	<b>20,425</b>	<b>23,496</b>	<b>26,904</b>	<b>31,069</b>
<b>Gross Profit</b>	<b>11,439</b>	<b>13,410</b>	<b>15,273</b>	<b>17,757</b>	<b>20,505</b>
<b>Operating EBITDA</b>	<b>3,776</b>	<b>5,604</b>	<b>5,677</b>	<b>6,859</b>	<b>8,137</b>
Depreciation And Amortisation	(663)	(687)	(716)	(737)	(766)
<b>Operating EBIT</b>	<b>3,113</b>	<b>4,917</b>	<b>4,961</b>	<b>6,123</b>	<b>7,371</b>
Financial Income/(Expense)	(30)	(72)	(64)	(66)	(68)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	507	589	601	673	753
<b>Profit Before Tax (pre-EI)</b>	<b>3,589</b>	<b>5,434</b>	<b>5,498</b>	<b>6,729</b>	<b>8,056</b>
Exceptional Items	(100)	535	(140)		
<b>Pre-tax Profit</b>	<b>3,489</b>	<b>5,969</b>	<b>5,358</b>	<b>6,729</b>	<b>8,056</b>
Taxation	(765)	(1,484)	(1,340)	(1,682)	(2,014)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>2,724</b>	<b>4,485</b>	<b>4,019</b>	<b>5,047</b>	<b>6,042</b>
Minority Interests	(3)	(6)	(6)	(6)	(6)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>2,720</b>	<b>4,480</b>	<b>4,013</b>	<b>5,042</b>	<b>6,037</b>
Recurring Net Profit	2,799	4,078	4,118	5,042	6,037
<b>Fully Diluted Recurring Net Profit</b>	<b>2,799</b>	<b>4,078</b>	<b>4,118</b>	<b>5,042</b>	<b>6,037</b>

**Cash Flow**

(Rs mn)	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
<b>EBITDA</b>	<b>3,776</b>	<b>5,604</b>	<b>5,677</b>	<b>6,859</b>	<b>8,137</b>
Cash Flow from Invt. & Assoc.					
Change In Working Capital	223	(1,140)	(838)	(1,052)	(1,262)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	(100)	535	140		
Net Interest (Paid)/Received	(30)	(72)	(64)	(66)	(68)
Tax Paid	(844)	(1,422)	(1,340)	(1,682)	(2,014)
<b>Cashflow From Operations</b>	<b>3,025</b>	<b>3,505</b>	<b>3,576</b>	<b>4,059</b>	<b>4,793</b>
Capex	(977)	(605)	(516)	(517)	(518)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	507	589	601	673	753
<b>Cash Flow From Investing</b>	<b>(471)</b>	<b>(16)</b>	<b>85</b>	<b>156</b>	<b>236</b>
Debt Raised/(repaid)	37	32	(40)	10	10
Proceeds From Issue Of Shares	1				
Shares Repurchased	(1,294)				
Dividends Paid	(1,415)	(734)	(1,003)	(1,260)	(1,509)
Preferred Dividends					
Other Financing Cashflow	60	(2,788)	(2,053)	(2,839)	(3,342)
<b>Cash Flow From Financing</b>	<b>(2,612)</b>	<b>(3,490)</b>	<b>(3,096)</b>	<b>(4,089)</b>	<b>(4,841)</b>
Total Cash Generated	(58)	(1)	564	126	188
<b>Free Cashflow To Equity</b>	<b>2,591</b>	<b>3,521</b>	<b>3,620</b>	<b>4,225</b>	<b>5,039</b>
<b>Free Cashflow To Firm</b>	<b>2,584</b>	<b>3,562</b>	<b>3,724</b>	<b>4,281</b>	<b>5,097</b>

 NON-CASH ESOP CHARGES INCLUDED IN EMPLOYEE COST IN THE P&L  
 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	309	309	593	719	906
Total Debtors	3,454	3,890	4,506	5,160	5,958
Inventories	2,747	3,474	3,991	4,570	5,277
Total Other Current Assets	4,221	7,853	10,652	14,257	18,267
<b>Total Current Assets</b>	<b>10,732</b>	<b>15,526</b>	<b>19,742</b>	<b>24,705</b>	<b>30,409</b>
Fixed Assets	5,842	5,697	5,481	5,244	4,978
Total Investments	695	129	142	156	172
Intangible Assets	832	896	912	929	946
Total Other Non-Current Assets	105	134	142	151	162
<b>Total Non-current Assets</b>	<b>7,474</b>	<b>6,855</b>	<b>6,677</b>	<b>6,480</b>	<b>6,258</b>
Short-term Debt	295	326	286	296	306
Current Portion of Long-Term Debt					
Total Creditors	1,680	1,869	2,247	2,528	2,892
Other Current Liabilities	1,158	1,257	1,321	1,389	1,464
<b>Total Current Liabilities</b>	<b>3,133</b>	<b>3,453</b>	<b>3,855</b>	<b>4,214</b>	<b>4,663</b>
Total Long-term Debt					
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	72	101	101	101	101
<b>Total Non-current Liabilities</b>	<b>72</b>	<b>101</b>	<b>101</b>	<b>101</b>	<b>101</b>
Total Provisions	621	693	693	693	693
<b>Total Liabilities</b>	<b>3,826</b>	<b>4,247</b>	<b>4,649</b>	<b>5,008</b>	<b>5,457</b>
Shareholders Equity	14,355	18,097	21,727	26,128	31,156
Minority Interests	25	37	43	48	54
<b>Total Equity</b>	<b>14,380</b>	<b>18,134</b>	<b>21,770</b>	<b>26,177</b>	<b>31,210</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	8.0%	15.1%	15.0%	14.5%	15.5%
Operating EBITDA Growth	23.5%	48.4%	1.3%	20.8%	18.6%
Operating EBITDA Margin	21.3%	27.4%	24.2%	25.5%	26.2%
Net Cash Per Share (Rs)	0.19	(0.23)	3.97	5.46	7.76
BVPS (Rs)	185.75	234.17	281.14	338.09	403.14
Gross Interest Cover	102.74	67.91	78.08	93.11	108.43
Effective Tax Rate	21.9%	24.9%	25.0%	25.0%	25.0%
Net Dividend Payout Ratio	39.5%	13.5%	18.3%	18.7%	18.7%
Accounts Receivables Days	67.22	65.62	65.22	65.57	65.31
Inventory Days	149.99	161.85	165.68	170.80	170.13
Accounts Payables Days	82.55	92.33	91.36	95.27	93.64
ROIC (%)	21.6%	34.2%	26.4%	27.7%	27.9%
ROCE (%)	20.2%	28.7%	23.8%	24.7%	24.9%
Return On Average Assets	20.0%	27.1%	22.8%	23.6%	23.9%

<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.)	8.0%	15.1%	15.0%	14.5%	15.5%

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.